

FIRST PLACE FOR YOUTH

FINANCIAL STATEMENTS

June 30, 2022
(with summarized comparative totals for 2021)



FIRST PLACE FOR YOUTH

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
First Place for Youth
Oakland, California

Opinion

We have audited the financial statements of First Place for Youth, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of First Place for Youth as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of First Place for Youth and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about First Place for Youth's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of First Place for Youth's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about First Place for Youth's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited First Place for Youth's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BPM LLP

Walnut Creek, California
December 23, 2022

FIRST PLACE FOR YOUTH
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,885,068	\$ 8,632,321
Receivables:		
Government grants, net	4,190,688	3,911,578
Current portion of promises to give	3,938,555	2,263,000
Prepaid expenses and other assets	786,875	482,233
Total current assets	16,801,186	15,289,132
Promises to give, long-term, net of discount	93,418	1,288,549
Property and equipment, net	393,893	205,215
Refundable security deposits	596,408	599,735
Total assets	\$ 17,884,905	\$ 17,382,631
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,578,769	\$ 2,413,373
Refundable deposits	294,720	396,289
Contract advances	91,366	-
Current portion of deferred rent and lease incentive	7,709	73,013
Current portion of capital lease obligations	28,653	10,450
Total current liabilities	3,001,217	2,893,125
Deferred rent and lease incentive, net of current portion	358,996	97,369
Capital lease obligations, net of current portion	78,877	9,446
Total liabilities	3,439,090	2,999,940
Commitments and contingencies (Notes 6 and 9)		
Net assets:		
Without donor restrictions	4,904,860	4,724,785
With donor restrictions	9,540,955	9,657,906
Total net assets	14,445,815	14,382,691
Total liabilities and net assets	\$ 17,884,905	\$ 17,382,631

FIRST PLACE FOR YOUTH

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2022 and 2021

	2022	2021
Support and revenue without donor restrictions:		
Government contracts	\$ 19,849,451	\$ 21,024,027
Foundation, corporate, and individual contributions	3,190,178	2,089,013
Donated rent and services	505,656	367,800
Interest and other	134,596	86,913
Net assets released from donor restrictions	4,182,948	4,066,808
Total support and revenue	27,862,829	27,634,561
Expenses:		
Program services	23,962,381	23,865,535
Supporting services:		
Management and general	2,714,238	2,357,922
Fundraising	1,006,135	770,875
Total expenses	27,682,754	26,994,332
Change in net assets without donor restrictions	180,075	640,229
Support and revenue with donor restrictions:		
Foundation, corporate, and individual contributions	4,065,997	6,709,875
Net assets released from donor restrictions	(4,182,948)	(4,066,808)
Change in net assets with donor restrictions	(116,951)	2,643,067
Change in net assets	63,124	3,283,296
Net assets, beginning of year	14,382,691	11,099,395
Net assets, end of year	\$ 14,445,815	\$ 14,382,691

FIRST PLACE FOR YOUTH
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2022
(with summarized comparative totals for June 30, 2021)

	2022								
	My First Place Steps to Success	Independent Living Skills Program	Youth Transition Partnership	Policy Practice & Impact Network	Total Program	Management and General	Fundraising	Total	2021 Total
Salaries and related expenses:									
Salaries	\$ 6,071,310	\$ 757,163	\$ 175,210	\$ 409,223	\$ 7,412,906	\$ 1,523,453	\$ 566,565	\$ 9,502,924	\$ 9,054,935
Employee benefits	817,844	119,600	20,751	23,638	981,833	117,700	63,756	1,163,289	930,690
Payroll taxes	467,921	57,563	13,778	31,440	570,702	113,835	42,078	726,615	697,243
Total salaries and related expenses	7,357,075	934,326	209,739	464,301	8,965,441	1,754,988	672,399	11,392,828	10,682,868
Rent payments for youth	5,671,298	1,500	-	-	5,672,798	-	-	5,672,798	5,860,324
Youth stipends	1,659,379	54,280	-	99,617	1,813,276	-	500	1,813,776	1,905,935
Housing repair and maintenance	1,366,000	-	-	-	1,366,000	-	-	1,366,000	822,979
Facilities rent	749,558	332,160	22,374	6,300	1,110,392	147,142	14,435	1,271,969	1,269,941
Youth support	662,439	102,863	1,595	10,898	777,795	-	24	777,819	893,223
Donated rent and services	335,700	-	-	-	335,700	32,250	137,706	505,656	367,800
Miscellaneous	201,170	32,057	8,271	5,805	247,303	137,953	19,294	404,550	266,642
Contracted services	147,407	3,512	-	-	150,919	242,283	-	393,202	683,915
Move in support	381,275	210	-	-	381,485	-	-	381,485	320,759
Information technology	219,570	30,300	5,625	4,328	259,823	49,123	24,612	333,558	356,101
Facilities maintenance and utilities	165,140	35,414	1,775	66	202,395	16,339	1,457	220,191	183,205
Community building events	70,481	97,868	859	11,685	180,893	736	499	182,128	134,495
Consultants	62,570	2,350	8,101	444	73,465	93,526	5,307	172,298	301,418
Professional fees	79,548	16,800	1,122	3,228	100,698	62,479	5,398	168,575	173,188
Travel	115,576	9,451	835	18,753	144,615	17,653	95	162,363	112,067
Depreciation and amortization	87,487	11,182	1,427	3,075	103,171	7,036	6,339	116,546	137,676
Insurance	76,615	12,058	1,232	3,542	93,447	12,367	5,661	111,475	108,427
Bad debts	-	-	-	-	-	110,800	-	110,800	75,936
Donor cultivation	181	-	-	12	193	278	107,567	108,038	45,449
Office supplies	49,429	14,493	358	1,023	65,303	17,733	963	83,999	81,168
Computer and office equipment	24,946	4,652	39	4,806	34,443	11,552	3,879	49,874	38,713
Program supplies	25,345	5,662	153	2,445	33,605	-	-	33,605	35,016
Clinical supervision	-	-	12,335	95	12,430	-	-	12,430	7,020
Subtotal before pass-through programs	19,508,189	1,701,138	275,840	640,423	22,125,590	2,714,238	1,006,135	25,845,963	24,864,265
Reconciling items:									
Pass-through programs	1,836,791	-	-	-	1,836,791	-	-	1,836,791	2,130,067
	\$ 21,344,980	\$ 1,701,138	\$ 275,840	\$ 640,423	\$ 23,962,381	\$ 2,714,238	\$ 1,006,135	\$ 27,682,754	\$ 26,994,332

The accompanying notes are an integral part of these financial statements.

FIRST PLACE FOR YOUTH

STATEMENTS OF CASH FLOWS

For the year ended June 30, 2022

(with summarized comparative totals for June 30, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 63,124	\$ 3,283,296
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	116,546	173,188
Bad debt	110,800	75,936
Amortization of discount on long-term promises to give	(6,451)	(2,364)
Changes in assets and liabilities:		
Government grants receivables	(279,111)	214,042
Promises to give receivables	(584,773)	(750,352)
Prepaid expenses and other assets	(304,640)	(84,673)
Refundable security deposits	3,327	(19,594)
Accounts payable and accrued expenses	165,396	(4,311)
Refundable deposit	(101,569)	73,582
Refundable advance	-	(510,045)
Contract advance	91,366	(205,675)
Deferred rent and lease incentive	196,323	(72,069)
Net cash (used in) provided by operating activities	(529,662)	2,170,961
Cash flows from investing activities:		
Purchases of property and equipment	(208,054)	(30,947)
Net cash used in investing activities	(208,054)	(30,947)
Cash flows from financing activities:		
Payments on capital leases	(9,537)	(11,824)
Net cash used in financing activities	(9,537)	(11,824)
Net (decrease) increase in cash and cash equivalents	(747,253)	2,128,190
Cash and cash equivalents, beginning of year	8,632,321	6,504,131
Cash and cash equivalents, end of year	\$ 7,885,068	\$ 8,632,321
Supplemental disclosure of cash flow information:		
Equipment acquired through capital lease	\$ 97,171	\$ -
Interest paid	\$ 4,886	\$ 1,505

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. Organization and Summary of Significant Accounting Policies

Organization

First Place for Youth (the "Organization") is a California nonprofit public benefit corporation, which was incorporated on July 20, 1999, to prevent poverty and homelessness among youth who "age out" of the foster care system by providing them with the resources and support required to make a successful transition to independent living.

The Organization provides services to youth ages 16 to 24, including young people who are currently in foster care, as well as those preparing to, or who recently have aged out of the foster care system. The Organization works to ensure youth have the opportunity to experience a safe and supported transition through a housing program, intensive employment services, an academic enrichment program, counseling, youth community center, collaboration with other Bay Area agencies, and community education, enabling youth to gain the skills to live independently and succeed on their own. The Organization's activities are further described as follows:

My First Place, a transitional housing program, provides stability for current and former foster youth through safe, permanent, affordable housing, intensive case management, and advocacy and support services. Youth receive support with move-in costs, rent, food, self-reliance planning, life skills training, health and mental health advocacy, transportation assistance, and employment and education services. Steps to Success is the education and employment program of My First Place providing current and former foster youth with intensive one-on-one counseling and support in completing their high school diploma or GED certificate, enrolling in college, securing financial aid, and tutoring. Steps to Success also supports youth with employment assistance, career planning, and in building their workplace skills, including job search and job retention. The program is operated in six counties in California: Alameda, Contra Costa, Los Angeles, San Francisco, Santa Clara and Solano and one location in Mississippi.

Independent Living Skills Program ("ILSP") and First Foundation is offered to youth in San Francisco and Solano counties. Through ILSP, the Organization provides a full range of services, including education and employment assistance, career development, family finding and permanency services, life skills workshops and community events. First Foundation is an educational support program that begins with high school sophomores who are willing to commit to the program through high school graduation. Throughout high school, the Organization's staff members provide one-on-one support designed to help increase on-time high school graduation rates along with workshops on educational and social skills development.

Youth Transitions Partnership ("YTP") provides intensive case management, coaching and skill building to disconnected and vulnerable youth with the goal of preventing homelessness. Services include community based case management, skill building classes, and round-the-clock coaching to support youth engagement and success in education, employment and in their living situation. Intervention strategies include specific skill building in the areas of emotional regulation, interpersonal effectiveness, and distress tolerance, as well as case coordination across the continuum of available services. YTP is operated in Alameda County.

The goal of the **My First Place Affiliate Network** is to create a group of providers across the country who use My First Place to deliver strong outcomes for transition age youth and advocate for improved policies and supports for these youth in their local communities and at the federal level. First Place provides affiliates in the Network with deep technical assistance and support in the areas of program, fundraising and policy to implement the My First Place model successfully.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. Organization and Summary of Significant Accounting Policies, continued

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Accounting principles generally accepted in the United States of America require that the Organization present information about its financial position and activities in two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Net Assets Without Donor Restrictions: Those are net assets and activities which represent the portion of expendable funds that are available to support First Place for Youth's operations, which may include gifts of cash and other assets by donors without any time or purpose restrictions. Net assets without donor restrictions may be designated by the Board for a certain purpose. As of June 30, 2022, there were no Board designated assets.

Net Assets With Donor Restrictions: Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers cash in bank, money market accounts, and certificates of deposit accounts with maturities of three months or less to be cash and cash equivalents.

Government Grants Receivable, Net

Grants receivables consist of amounts due from several government entities under cost-reimbursement or rate agreements. At June 30, 2022, management believes this amount is collectible, except for \$96,390 that was treated as allowance for doubtful accounts.

Promises to Give

Unconditional promises to give are recognized as support and assets in the period received. Management believes all unconditional promises to give are collectible; therefore, no allowance for doubtful accounts has been provided for these promises to give. Unconditional promises to give are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give are expected to be collected in the future years are recorded at the present value of their estimated future cash flows. Promises to give, long-term are expected to be due in fiscal years 2023-2025. Management has recorded a discount on long-term promises to give at June 30, 2022. The applicable discount rate is 2.92% as at June 30, 2022.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. Organization and Summary of Significant Accounting Policies, continued

Promises to Give, continued

Promises to give are due as follows at June 30, 2022:

Receivable in less than one year	\$ 3,938,555
Receivable in one to five years	<u>99,000</u>
	4,037,555
Less: discount	<u>(5,582)</u>
Total promises to give	<u><u>\$ 4,031,973</u></u>

Property and Equipment

All acquisitions of property and equipment in excess of \$3,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment, which range from 3 to 5 years or the shorter of the remaining lease term or estimated useful lives of the improvements, which varied from 2 to 5 years for different offices.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, government grants receivable, and accounts payable approximate fair value due to the short maturity of these instruments.

Contract Advance

The Organization is participating in a collaborative funding initiative with other organizations. The Organization records amounts received and paid on behalf of the other participating organizations as agency transaction. Therefore, no revenue or expense is recorded for the amounts received and expended. The excess of cash received over expenditures is included in contract advances on the statement of financial position.

Deferred Rent

The Organization records rent expense on a straight-line basis, with a corresponding deferred rent liability recognized in the statement of financial position.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. Organization and Summary of Significant Accounting Policies, continued

Revenue Recognition

Government Contracts

The Organization receives government awards and has determined that the asset transfers are contributions, as the resource provider does not receive commensurate value in exchange for the assets transferred. Under Accounting Standards Codification (“ASC”) Topic 958, a contribution is considered to be conditional when one or more barriers exist and the right to receive or retain payment or delivery of the promised asset is conditioned on meeting those barriers. The awards are considered conditional contributions due to the limited discretion as result of the specific requirements on how the assets may be spent. The majority of the Organization’s revenue is derived from fee for service and cost-reimbursable federal and state contract and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Revenue from the Transitional Housing Program Non Minor Dependents (“THP-NMD”) (formerly known as “THP+FC”) is recognized when the Organization completes the eligibility and enrollment process for each eligible youth. There are no amounts outstanding that have been neither received nor recognized on government contracts as of June 30, 2022.

Foundation, Corporate, Fund, and Individual Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received or unconditionally promised. Unconditional promises to give becoming due in the next year are recorded at their net realizable value. Contributions with donor restrictions whose restrictions are met in the same year as the contribution is received are recognized as contributions without restrictions.

Donated Rent and Services

In-kind contributions are reflected as contributions on the date of donation at fair value and are reported as support without restrictions unless explicit donor stipulations specify how the donated assets must be used. The Organization recognizes the fair value of contributed services received if such services (a) create or enhance non-financial assets or (b), require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from volunteers associated with the programs and fundraising campaigns which do not meet the criteria for financial statement recognition. The Organization recognizes donated rent at the estimated fair value of the facilities used during the year ended June 30, 2022.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and employee benefits; facility costs; depreciation and amortization; insurance; and certain travel and indirect operating expenses. These expenses are allocated on the basis of estimated time and effort by employees.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. Organization and Summary of Significant Accounting Policies, continued

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). As a result, the Organization is exempt from paying income taxes, and thus no provision for income taxes has been reflected in these financial statements.

The Organization follows the guidance for uncertain tax positions. As the Organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to federal or state income taxes, the tax position taken or expected to be taken have not had a material impact on the financial statements of the Organization for the year ended June 30, 2022.

Use of Estimates

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Prior Year Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

2. Concentration of Credit Risk

Cash and Cash Equivalents

The Organization places its cash in bank and short-term money market instrument with reputable financial institutions, to minimize credit risk, however, balances may periodically exceed insurance Federal Deposit Insurance Corporation ("FDIC"), Securities Investor Protection Corporation ("SIPC") and other similar insurance limits.

Promises to Give

The Organization has three donors at June 30, 2022, representing 63% of the total promises to give.

Support and Revenue

For the year ended June 30, 2022, approximately 84% and 41% of the Organization's government grant revenue and receivables, respectively, were from transitional housing program grants.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

2. Concentration of Credit Risk, continued

Support and Revenue, continued

The Organization is dependent on support from foundations, corporations, and individuals. For the year ended June 30, 2022, approximately 12% of the support from foundations, corporations, and individuals was from one funding source.

3. Liquidity and Availability

The Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are as follows:

Cash and cash equivalents	\$ 7,885,068
Government grants, net	4,190,688
Current portion of promises to give	<u>3,938,555</u>
Total financial assets	16,014,311
Less: operating cash reserves	<u>(2,765,789)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 13,248,522</u></u>

The Organization has \$13,382,022 of financial assets available for general expenditures within one year of the statement of financial position date to meet cash needs for general expenditure. The Organization receives certain contributions and promises to give restricted by donors, and considers contributions restricted for programs, which are ongoing, major, and central to its annual operations, to be available to meet cash needs for general expenditures. The Organization has an operating cash reserve that had a balance of \$2,765,789 at June 30, 2022, with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. Thus, the operating cash reserves can be made available to fund operating activities in the coming year, if needed.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Thus, the operating cash reserves can be made available to fund activities in the coming year, if needed.

4. Property and Equipment, Net

Computer and office equipment	\$ 688,306
Furniture and fixtures	182,454
Leasehold improvements	<u>2,184,920</u>
Subtotal	3,055,680
Less: accumulated depreciation and amortization	<u>(2,661,787)</u>
Property and equipment, net	<u><u>\$ 393,893</u></u>

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

4. Property and Equipment, Net, continued

Depreciation and amortization expense for the year ended June 30, 2022 was \$116,546.

The Organization leases certain equipment under agreements that are classified as capital leases. The cost of equipment and accumulated depreciation under capital leases was \$259,279 and \$152,720, respectively, at June 30, 2022.

5. Line of Credit

The Organization has a line of credit for \$5 million with a maturity date of February 24, 2023. The outstanding balance on the line of credit may not exceed 75% of government grants receivable and 50% of current portion of promises to give. The line is unsecured, bearing an initial interest of 4.9%. There is no balance of outstanding on the line of credit as of June 30, 2022.

The Organization's line of credit agreement with the bank contained a financial covenant. The Organization is not aware of noncompliance of financial covenant as of June 30, 2022.

6. Contingencies

The Organization is involved in legal actions from time to time in the ordinary course of business. As of June 30, 2022, the Organization does not believe there is any material loss contingencies that would have a material impact on the financial position of the Organization.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations, and workforce.

7. Net Assets With Donor Restriction

Net assets with donor restrictions are available for the following purposes at June 30, 2022:

Subject to passage of time	\$ 5,073,342
Subject to expenditure for specified purpose:	
My First Place/Steps to Success	4,113,784
Policy, Practice and Impact Network	335,979
Independent Living Skills	17,850
	<u>4,467,613</u>
Total	<u>\$ 9,540,955</u>

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

7. Net Assets With Donor Restriction, continued

Net assets with donor restrictions that were released from restriction by incurring expenses satisfying the purposes specified by donors are as follows for the year ended June 30, 2022:

Expiration of time restrictions	\$ 1,796,351
Satisfaction of purpose restrictions:	
My First Place/Steps to Success	2,068,300
Policy, Practice and Impact Network	297,858
Independent Living Skills	20,439
	<u>2,386,597</u>
Total	<u>\$ 4,182,948</u>

8. Donated Rent and Services

	Amount Recognized	Program/Activity Utilization	Donor Restrictions	Valuation Techniques and Inputs
Housing and office spaces	\$ 335,700	My First Place programs	None	Market cost provided by the donor
Legal services	147,250	Management and general	None	Market cost provided by the donor
Various supplies	22,706	My First Place programs	None	Market cost of similar goods
	<u>\$ 505,656</u>			

9. Commitments

Operating Leases

The Organization leases its offices and community centers in six different locations in California: Oakland, Fairfield, Concord, San Francisco, San Jose, Santa Clara and Los Angeles and one location in Mississippi under operating lease agreements that expire at various dates through February 2029. The leases provide for increases in future minimum annual rental payments. The rental expense under these lease agreements was \$1,252,598.

Leases for Youth Housing

The Organization is a party to various leases for youth housing throughout the counties of Alameda, San Francisco, Contra Costa, Solano, Santa Clara and Los Angeles that generally have an original term of one (1) year or on a month-to-month basis. At June 30, 2022, the Organization maintains a capacity of 295 leases for youth housing. Total rent payments for youth under these leases was \$5,672,798 for the year ended June 30, 2022.

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9. Commitments, continued

The future minimum lease payments under these operating leases are as follows:

	Office Space	Youth Housing
Year ending June 30:		
2022	\$ 1,149,276	\$ 245,280
2023	926,707	266,640
2024	942,845	266,640
2025	804,322	266,640
2026	792,834	266,640
Thereafter	2,469,606	1,066,560
Total	<u>\$ 7,085,590</u>	<u>\$ 2,378,400</u>

Capital Leases

The Organization leases certain equipment under agreements that are classified as capital leases. The cost of equipment under capital leases is included as part of the property and equipment.

The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense.

The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of June 30, 2022, are as follows:

	Amount
Year ending June 30:	
2023	\$ 28,653
2024	27,600
2025	27,600
2026	25,950
2027	870
Total minimum lease payments	110,673
Less: amount representing interest	(3,143)
Present value of net minimum lease payments	107,530
Less: current portion	(28,653)
Capital lease obligation, net of current portion	<u>\$ 78,877</u>

The interest rates on capitalized leases range from 3.26% to 10% and are imputed based on the lower of the Organization's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

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10. Employee Benefit Plan

The Organization has a defined contribution retirement plan under Section 401(k), and/or Roth(k), of the Internal Revenue Code (the "401(k) and Roth(k) Plan"), covering substantially all employees of the Organization. The Organization contributes 3% of employees' salary to the 401(k) Plan and/or Roth(k) for those employees who have completed one year of service. Contributions to the plan for the years ended June 30, 2022 was \$124,527.

11. Subsequent Events

The Organization evaluated subsequent events for recognition and disclosure through December 23, 2022, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2022 that require recognition or disclosure in such financial statements.