

FIRST PLACE FOR YOUTH

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

June 30, 2023
(with summarized comparative totals for June 30, 2022)



FIRST PLACE FOR YOUTH

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of First Place for Youth, which comprise the statement of financial position as of June 30, 2023, 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, 2023, 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. 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 U.S. GAAP, 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 U.S. 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 U.S. 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.

Supplementary Information

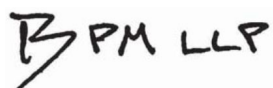
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Transitional Housing Placement Program Non-Minor Dependents Cost Report are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 on our consideration of First Place for Youth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering First Place for Youth's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited First Place for Youth's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BPM LLP

Long Beach, California
December 21, 2023

FIRST PLACE FOR YOUTH
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,886,116	\$ 7,885,068
Receivables:		
Government grants, net	4,761,469	4,190,688
Current portion of promises to give	1,350,904	4,072,055
Prepaid expenses and other assets	622,996	653,375
Total current assets	12,621,485	16,801,186
Promises to give, long-term, net of discount	10,509	93,418
Property and equipment, net	300,672	393,893
Right-of-use assets	6,493,795	-
Refundable security deposits	649,376	596,408
Total assets	<u>\$ 20,075,837</u>	<u>\$ 17,884,905</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,354,319	\$ 2,578,769
Refundable deposits	309,607	294,720
Contract advances	23,845	91,366
Current portion of deferred rent and lease incentive	-	7,709
Current portion of operating lease liabilities	1,478,031	-
Current portion of finance lease liabilities	27,284	28,653
Total current liabilities	4,193,086	3,001,217
Deferred rent and lease incentive, net of current portion	-	358,996
Operating lease liabilities, net of current portion	5,519,953	-
Finance lease liabilities, net of current portion	76,471	78,877
Total liabilities	9,789,510	3,439,090
Commitments and contingencies (Notes 6 and 9)		
Net assets:		
Without donor restrictions	5,126,588	4,904,860
With donor restrictions	5,159,739	9,540,955
Total net assets	10,286,327	14,445,815
Total liabilities and net assets	<u>\$ 20,075,837</u>	<u>\$ 17,884,905</u>

FIRST PLACE FOR YOUTH

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2023 and 2022

	2023	2022
Support and revenue without donor restrictions:		
Government contracts	\$ 21,003,206	\$ 19,849,451
Foundation, corporate, and individual contributions	2,584,559	3,190,178
Donated rent and services	703,931	505,656
Special events revenue (net of direct expenses of \$173,385)	476,086	-
Interest and other	213,483	134,596
Net assets released from donor restrictions	5,965,597	4,182,948
Total support and revenue	30,946,862	27,862,829
Expenses:		
Program services	26,142,661	23,962,381
Supporting services:		
Management and general	3,343,663	2,714,238
Fundraising	1,238,810	1,006,135
Total expenses	30,725,134	27,682,754
Change in net assets without donor restrictions	221,728	180,075
Support and revenue with donor restrictions:		
Foundation, corporate, and individual contributions	1,584,381	4,065,997
Net assets released from donor restrictions	(5,965,597)	(4,182,948)
Change in net assets with donor restrictions	(4,381,216)	(116,951)
Change in net assets	(4,159,488)	63,124
Net assets, beginning of year	14,445,815	14,382,691
Net assets, end of year	\$ 10,286,327	\$ 14,445,815

FIRST PLACE FOR YOUTH

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023
(with summarized comparative totals for the year ended June 30, 2022)

	2023								
	My First Place Steps to Success	Independent Living Skills Program	Youth Transition Partnership	Policy Practice and Impact Network	Total Program	Management and General	Fundraising	Total	2022 Total
Salaries and related expenses:									
Salaries	\$ 6,734,603	\$ 747,519	\$ 247,704	\$ 516,590	\$ 8,246,416	\$ 1,889,471	\$ 533,428	\$ 10,669,315	\$ 9,502,924
Employee benefits	952,702	115,654	32,715	48,719	1,149,790	165,421	63,502	1,378,713	1,163,289
Payroll taxes	525,175	59,835	19,748	39,190	643,948	133,393	39,701	817,042	726,615
Total salaries and related expenses	8,212,480	923,008	300,167	604,499	10,040,154	2,188,285	636,631	12,865,070	11,392,828
Rent payments for youth	5,843,154	-	-	-	5,843,154	-	-	5,843,154	5,672,798
Youth stipends	1,810,444	47,262	-	140,574	1,998,280	-	4,469	2,002,749	1,813,776
Housing repair and maintenance	1,850,846	28,733	-	-	1,879,579	-	-	1,879,579	1,366,000
Facilities rent	703,371	329,903	17,402	5,775	1,056,451	143,180	30,945	1,230,576	1,271,969
Youth support	1,027,384	129,997	4,907	26,278	1,188,566	4,886	327	1,193,779	777,819
Facilities maintenance and utilities	487,850	130,698	7,555	12,596	638,699	180,580	25,210	844,489	220,191
Donated rent and services	335,700	-	-	-	335,700	284,823	83,409	703,932	505,656
Move-in support	541,400	6,142	-	151	547,693	-	-	547,693	381,485
Consultants	55,142	20,889	16,100	10,560	102,691	150,388	208,115	461,194	172,298
Information technology	153,958	14,039	1,788	7,369	177,154	41,229	19,092	237,475	333,558
Travel	161,369	10,213	4,340	16,281	192,203	37,081	2,061	231,345	162,363
Donor cultivation	500	-	-	-	500	1,940	212,077	214,517	108,038
Community building events	89,428	92,711	-	5,563	187,702	2,653	315	190,670	182,128
Professional fees	89,182	19,268	1,300	3,850	113,600	62,037	5,906	181,543	168,575
Contracted services	1,600	-	-	-	1,600	174,708	-	176,308	393,202
Insurance	91,589	11,702	1,055	4,660	109,006	14,794	5,071	128,871	111,475
Depreciation and amortization	90,168	8,021	657	2,656	101,502	12,095	2,791	116,388	116,546
Miscellaneous	70,261	28	1,312	7,373	78,974	31,148	-	110,122	404,550
Bad debts	107,433	-	-	-	107,433	-	-	107,433	110,800
Office supplies	42,513	23,875	670	353	67,411	8,380	1,839	77,630	83,999
Computer and office equipment	45,430	2,290	85	2,310	50,115	5,456	552	56,123	49,874
Program supplies	40,846	7,527	1,116	1,712	51,201	-	-	51,201	33,605
Clinical supervision	-	-	750	-	750	-	-	750	12,430
Subtotal before pass-through programs	21,852,048	1,806,306	359,204	852,560	24,870,118	3,343,663	1,238,810	29,452,591	25,845,963
Reconciling items:									
Pass-through programs	1,272,543	-	-	-	1,272,543	-	-	1,272,543	1,836,791
	\$ 23,124,591	\$ 1,806,306	\$ 359,204	\$ 852,560	\$ 26,142,661	\$ 3,343,663	\$ 1,238,810	\$ 30,725,134	\$ 27,682,754

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

FIRST PLACE FOR YOUTH

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (4,159,488)	\$ 63,124
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	116,388	116,546
Interest expense on capital lease	7,978	-
Noncash operating lease expense	504,189	-
Bad debt	107,433	110,800
Amortization of discount on long-term promises to give	(5,582)	(6,451)
Changes in assets and liabilities:		
Government grants receivables	(570,781)	(279,111)
Promises to give receivables	2,702,209	(584,773)
Prepaid expenses and other assets	30,379	(304,640)
Refundable security deposits	(52,968)	3,327
Accounts payable and accrued expenses	(224,450)	165,396
Refundable deposit	14,887	(101,569)
Contract advance	(67,521)	91,366
Deferred rent and lease incentive	(366,705)	196,323
Net cash used in operating activities	(1,964,032)	(529,662)
Cash flows from investing activities:		
Purchases of property and equipment	(3,000)	(208,054)
Net cash used in investing activities	(3,000)	(208,054)
Cash flows from financing activities:		
Payments on finance leases	(31,920)	(9,537)
Net cash used in financing activities	(31,920)	(9,537)
Net decrease in cash and cash equivalents	(1,998,952)	(747,253)
Cash and cash equivalents, beginning of year	7,885,068	8,632,321
Cash and cash equivalents, end of year	\$ 5,886,116	\$ 7,885,068
Supplemental disclosure of cash flow information:		
Equipment acquired through finance lease	\$ 20,167	\$ 97,171
Right-of-use assets obtained from lease liabilities	\$ 7,821,053	\$ -
Interest paid	\$ 8,346	\$ 4,886

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 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 25, 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, 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 operating in six counties in California: Alameda, Contra Costa, Los Angeles, San Francisco, Santa Clara and Solano.

Independent Living Skills Program ("ILSP") and First Foundation is offered to youth in San Francisco and Solano counties. Through ILSP, the Organization provides a 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 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, 2023 and 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 ("U.S. GAAP").

Financial Statement Presentation

U.S. GAAP requires 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 of Directors (the "Board") for a certain purpose. As of June 30, 2023, 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 to 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 the 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. As of June 30, 2023, management believes this amount is collectible, except for \$138,484 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 through fiscal year 2025. Management has recorded a discount on long-term promises to give as of June 30, 2023. The applicable discount rate is 4.87% as of June 30, 2023.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies, continued

Promises to Give, continued

Promises to give are due as follows as of June 30, 2023:

Receivable in less than one year	\$ 1,350,904
Receivable in one to five years	<u>15,000</u>
	1,365,904
Less: discount	<u>(4,491)</u>
Total promises to give	<u><u>\$ 1,361,413</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.

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, 2023.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Foundation, Corporate, 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 for the year ended June 30, 2023.

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.

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 ("IRC") 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 IRC 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, 2023.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Standards

Accounting Standards Update 2016-02, 2018-11 and 2019-01 - Leases (Topic 842)

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases*, and subsequent amendments to the initial guidance; ASU 2017-13, ASU 2018-10, ASU 2018-11, and ASU 2018-20 (collectively, Topic 842). Topic 842 requires lessees to recognize right-of-use ("ROU") assets and lease liabilities for operating leases, initially measured at the present value of the lease payments, on the balance sheet. The Organization adopted Topic 842 on June 30, 2022, utilizing an optional transition method, which allowed the recognition of a cumulative effect adjustment to the opening balance of retained earnings on the initial date of adoption and the application of new disclosure requirements beginning in the period of adoption.

As a result of adopting Topic 842 effective July 1, 2022, the Organization recorded right-of-use asset, an operating lease liability and disclosures on key information about leasing arrangements. The Organization elected not to restate the comparative period (2022 financial year). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. In addition, the Organization adopted ongoing accounting policies to not recognize ROU assets and lease liabilities for leasing arrangements with terms of less than one year and to not separate lease and non-lease components for all classes of underlying assets.

As of July 1, 2022, the Organization has 15 operating lease and 6 finance leases that are under the scope of Topic 842 and recognized the following operating leases:

	<u>Number of Leases</u>	<u>Office Space</u>	<u>Youth Housing</u>	<u>Total</u>
Operating lease right of use assets	8	\$ 5,879,332	\$ 1,941,721	\$ 7,821,053
Operating lease liabilities	7	\$ 6,339,349	\$ 1,941,721	\$ 8,281,070

Recent Accounting Pronouncements

FASB ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, and related amendments, replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The new Current Expected Credit Losses ("CECL") model applies to financial assets at amortized cost, including trade receivables, contract assets and certain off-balance sheet credit exposures, such as loan commitments. The ASU is effective for fiscal years beginning after December 31, 2022. The Organization is currently evaluating the impact of this standard on its financial statements.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies, continued

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, 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 as of June 30, 2023, representing 75% of the total promises to give.

Support and Revenue

For the year ended June 30, 2023, approximately 87% and 47% of the Organization's government grant revenue and receivables, respectively, were from transitional housing program grants.

The Organization is dependent on support from foundations, corporations, and individuals. For the year ended June 30, 2023, approximately 14% 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	\$ 5,886,116
Government grants, net	4,761,469
Current portion of promises to give	<u>1,350,904</u>
Total financial assets	11,998,489
Less: amounts unavailable for general expenditure within one year	
Operating cash reserve	(2,765,789)
Donor-restricted endowments subject to spending policy and appropriation	<u>(470,964)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 8,761,736</u></u>

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

3. Liquidity and Availability, continued

The Organization has \$8,761,736 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 as of June 30, 2023, 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.

4. Property and Equipment, Net

Computer and office equipment	\$ 360,509
Furniture and fixtures	24,361
Leasehold improvements	<u>349,827</u>
Subtotal	734,697
Less: accumulated depreciation and amortization	<u>(434,025)</u>
Property and equipment, net	<u>\$ 300,672</u>

Depreciation and amortization expense for the year ended June 30, 2023 was \$116,388.

The Organization leases certain equipment under agreements that are classified as finance leases. The cost of equipment and accumulated depreciation under finance leases was \$278,852 and \$178,887, respectively, as of June 30, 2023.

5. Line of Credit

The Organization has a line of credit for \$5 million with a maturity date of February 24, 2024. 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 a variable interest rate of 0.15 percentage points over the Prime Rate as published in the Wall Street Journal. There is no balance of outstanding on the line of credit as of June 30, 2023.

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, 2023.

6. Contingencies

The Organization is involved in legal actions from time to time in the ordinary course of business. As of June 30, 2023, the Organization does not believe there is any material loss contingencies that would have a material impact on the financial position of the Organization.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

7. Net Assets

With Donor Restriction

Net assets with donor restrictions are available for the following purposes as of June 30, 2023:

Subject to passage of time	\$ 2,700,965
Subject to expenditure for specified purpose:	
My First Place/Steps to Success Program	1,654,210
Donor-restricted endowments	470,964
Independent Living Skills / Rising Up	257,700
Policy, Practice and impact Network	75,900
	<u>2,458,774</u>
Total	<u>\$ 5,159,739</u>

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, 2023:

Expiration of time restrictions	\$ 2,973,341
Satisfaction of purpose restrictions:	
My First Place/Steps to Success	1,988,163
Independent Living Skills / Rising Up	668,114
Policy, Practice and impact Network	335,979
	<u>2,992,256</u>
Total	<u>\$ 5,965,597</u>

Endowment

The Organization's endowment consists of individual funds for young women of the Bay Area. The endowment includes only donor-restricted funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board has interpreted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the endowment with donor restrictions made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in perpetuity is classified as appreciation or depreciation until those amounts are appropriated for expenditure by the Organization as part of its budget process.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

7. Net Assets, continued

Endowment, continued

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide for future growth for the endowment fund sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the fund. This will be accomplished through a carefully planned and executed long-term investment program. The objective of the investment program is to emphasize total return; that is, the aggregate return from capital appreciation, dividend and interest income. The Organization expects its endowment funds, over time, to provide an average rate of return in excess of the Organization's projected inflation rate by 2.00% - 3.00% per annum on a rolling 3-year basis plus the minimum target distribution payout ratio of 2.50%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the permanent value of the endowed funds. This "underwater" condition has affected recently-established funds that had little or no previously-accumulated earnings. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2023, funds with original gift value of \$473,541, fair value of \$470,694 and deficiencies of \$2,577 were reported in net assets with donor restrictions.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year 2.50% of its endowment funds' fair value per annum for the calendar year end that precedes the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow in excess of the Organization's projected inflation rate. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

7. Net Assets, continued

Endowment, continued

Spending Policy and How the Investment Objectives Relate to Spending Policy, continued

The following presents endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds:			
Donor-restricted endowment funds	\$ -	\$ 470,964	\$ 470,964
Unappropriated endowment earnings	-	-	-
	<u>\$ -</u>	<u>\$ 470,964</u>	<u>\$ 470,964</u>

Changes in endowment net assets for the years ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 462,750	\$ 462,750
Investment return:			
Net appreciation (realized and unrealized)	-	8,214	8,214
Net change	-	8,214	8,214
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 470,964</u>	<u>\$ 470,964</u>

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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	284,823	Management and general	None	Market cost provided by the donor
Various supplies	83,408	My First Place programs	None	Market cost of similar goods
	<u>\$ 703,931</u>			

9. Leases and Commitments

As disclosed in Note 2, the Company adopted Topic 842, effective July 1, 2022.

Office Operating Leases

The Organization leases its offices in six different locations in California: Oakland, Los Angeles, Fairfield, Concord, San Francisco, San Jose, and one location in Mississippi under operating lease agreements that expire at various dates through July 2030.

The Organization had accrued a deferred rent liability of \$366,705 as of June 30, 2022, in order to report rent on a straight-line rent basis. Total rent expense was \$1,252,598 for the year ended June 30, 2022.

As of June 30, 2023, balance of office lease right of use asset and lease liabilities are \$5,009,004 and \$5,513,042, respectively. Total lease payments made for these operating leases during the year is \$1,149,475.

The office lease rental expense is \$1,221,495 for the year ended June 30, 2023, with the following components:

Fixed operating lease costs	\$ 1,190,496
Other lease expense	<u>30,999</u>
Total lease expense	<u>\$ 1,221,495</u>

Operating 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, California, that generally have an original term of one (1) year or on a month-to-month basis. As of June 30, 2023, the Organization maintains a capacity of 295 leases for youth housing.

Youth housing leases with lease term longer than a year that expire at various dates through June 2029 are under the scope of ASC 842. As of June 30, 2023, balance of ROU asset and lease liabilities for these leases is \$1,484,791 and \$1,484,942, respectively. Total lease payments made for these operating leases during the year is \$505,884.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

9. Leases and Commitments, continued

Operating Leases for Youth Housing, continued

The rental expense for youth housing is \$5,843,154 for the year ended June 30, 2023, with the following components:

Fixed operating lease costs	\$ 506,036
Short-term lease expense	<u>5,337,118</u>
Total lease expense	<u><u>\$ 5,843,154</u></u>

Additional information related to operating leases with lease terms greater than one year, as of June 30, 2023 is as follows:

	<u>Office Space</u>	<u>Youth Housing</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	<u>\$ 1,149,475</u>	<u>\$ 505,884</u>
Weighted-average remaining lease term (in years)	5.31	5.19
Weighted-average discount rate	2.87%	2.88%
Right-of-use assets obtained in exchange for lease obligations	<u>\$ 996,064</u>	<u>\$ 456,930</u>

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

	<u>Office Space</u>	<u>Youth Housing</u>	<u>Total</u>
Year ending June 30:			
2024	\$ 1,225,628	\$ 398,425	\$ 1,624,053
2025	1,098,292	213,456	1,311,748
2026	1,089,196	198,600	1,287,796
2027	874,980	198,600	1,073,580
2028	852,509	198,600	1,051,109
Thereafter	<u>812,422</u>	<u>413,750</u>	<u>1,226,172</u>
Total undiscounted cash flows	5,953,027	1,621,431	7,574,458
Less: present value discount	<u>(439,985)</u>	<u>(136,489)</u>	<u>(576,474)</u>
Operating lease liability	5,513,042	1,484,942	6,997,984
Less: current portion	<u>(1,115,188)</u>	<u>(362,843)</u>	<u>(1,478,031)</u>
Operating lease liability, net of current portion	<u><u>\$ 4,397,854</u></u>	<u><u>\$ 1,122,099</u></u>	<u><u>\$ 5,519,953</u></u>

Finance Leases

The Organization leases certain equipment under agreements that are classified as finance leases with lease terms expire at various dates through February 2027. The cost of equipment under finance leases is included as part of the property and equipment.

FIRST PLACE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

9. Leases and Commitments, continued

Finance Leases, continued

The assets and liabilities under finance 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 finance leases is included in depreciation expense.

The future minimum lease payments required under the finance leases and the present value of the net minimum lease payments as of June 30, 2023, are as follows:

Year ending June 30:	
2024	\$ 32,843
2025	32,843
2026	31,193
2027	<u>18,871</u>
Total minimum lease payments	115,750
Less: amount representing interest	<u>(11,995)</u>
Present value of net minimum lease payments	103,755
Less: current portion	<u>(27,284)</u>
Capital lease obligation, net of current portion	<u><u>\$ 76,471</u></u>

The interest rates on finance leases range from 3.26% to 6.69% 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. Lease payments made during the year ended June 30, 2023 totaled \$31,920, amortization expense totaled \$27,662 and interest expense totaled \$6,643.

10. Employee Benefit Plan

The Organization has a defined contribution retirement plan under Section 401(k), and/or Roth(k), of the IRC (the "401(k) and Roth(k) Plan"), covering substantially all employees of the Organization. The Organization contributes 4% of employees' salary to the 401(k) and/or Roth(k) Plan for those employees who have completed one year of service. Contributions to the plan for the year ended June 30, 2023 was \$244,594.

11. Subsequent Events

The Organization evaluated subsequent events for recognition and disclosure through December 21, 2023, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023 that require recognition or disclosure in such financial statements.

SUPPLEMENTARY INFORMATION

FIRST PLACE FOR YOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Federal Award Identification Number	Contract Amount	Contract Period	Pass-Through Entity Number	Federal Expenditures
U.S. Department of Housing and Urban Development						
Pass-through from City of Oakland						
Permanent Access to Housing (PATH)	14.231		\$ 186,094	7/1/22 - 6/30/23	89336	\$ 155,781
Oakland Path Re-Housing Initiative (OPRI)	14.881		\$ 267,669	7/1/22 - 6/30/23	89336	267,868
						<u>423,649</u>
Pass-through from Oakland Housing Authority						
Building Bridges Transitional Housing Plus (THP+) AC Building Bridges	14.881		\$ 2,500,000	8/1/18 - 7/31/23	4143	91,836
Total U.S. Department of Housing and Urban Development						<u>515,485</u>
U.S. Department of Health and Human Services						
Pass-through from City and County of San Francisco						
San Francisco Independent Living Skills Program	93.674		\$ 1,521,230	7/1/20 - 6/30/22	559051	235,788
San Francisco Independent Living Skills Program	93.674		\$ 1,582,078	7/1/20 - 6/30/23	642043	132,883
						<u>368,671</u>
Pass-through from County of Solano						
Solano Independent Living Skills Program	93.674	1901CACILP	\$ 1,464,000	7/1/21 - 6/30/24	03712-22	118,711
Pass-through from County of Solano						
Workforce Development Board of Solano County	17.259		\$ 352,990	7/1/22 - 6/30/24	PY-22-001	88,919
Pass-through from Alameda County						
Chabot - Las Positas Community College District Title IV-E Training	93.658		\$ 50,000	7/1/22 - 6/26/23	PO O2300678	24,150
Pass-through from CA Department of Social Services						
Transitional Housing Placement - Foster Care (THP+NMD)*	93.658			7/1/22 - 6/30/23	All County Letter	9,521,943
Total U.S. Department of Health and Human Services						<u>10,122,394</u>
Total Expenditures of Federal Awards						<u>\$ 10,637,879</u>

* These funds are a mix of federal, state, and local funds. For the purposes of this statement, the total amount is shown.

FIRST PLACE FOR YOUTH

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Organization did not elect to use the 10% de minimis indirect cost rate.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of First Place for Youth, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered First Place for Youth's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of First Place for Youth's internal control. Accordingly, we do not express an opinion on the effectiveness of the First Place for Youth's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the First Place for Youth's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the First Place for Youth's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the First Place for Youth's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the First Place for Youth's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BPM LLP". The "B" is stylized with a diagonal stroke.

Long Beach, California
December 21, 2023



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Phone 562-495-3325 | Fax 562-495-3425 | bpm@bpm.com

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

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

Opinion on Each Major Federal Program

We have audited First Place for Youth's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on First Place for Youth's major federal program for the year ended June 30, 2023. First Place for Youth's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, First Place for Youth complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of First Place for Youth's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to First Place for Youth's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on First Place for Youth's compliance based on our audit. 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 U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about First Place for Youth's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 First Place for Youth's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of First Place for Youth's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of First Place for Youth's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

To the Board of Directors
First Place for Youth

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "B. PM LLP". The signature is stylized, with a large, bold "B" followed by "PM" and "LLP" in a more standard, slightly slanted font.

Long Beach, California
December 21, 2023

FIRST PLACE FOR YOUTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2023

Section I: Summary of Audit Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of independent auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified? | None reported |
| 3. Noncompliance material to the consolidated financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified? | None reported |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
| 7. Identification of major programs: | |
| Foster Care Transitional Housing Program (THP+NMD) | ASL # 93.658 |
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000. |
| 9. Auditee qualified as a low risk auditee? | Yes |

Section II: Financial Statement Findings

No matters were reported.

Section III: Federal Award Findings and Questioned Costs

No matters were reported.

Section IV: Status of Prior Year Findings

Not applicable.

CERTIFICATION OF AUDITED COST DATA

The Group Home or Foster Family Agency corporation should have their Certified Public Accountant (CPA) complete and submit this form as part of the required financial audit if the CPA has not otherwise provided written documentation which clearly shows that the required cost data reports were audited and that the information was fairly stated in all material respects in relation to the basic financial statements taken as a whole.

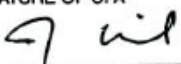
Please have the completed and signed form sent to:
California Department of Social Services
Program and Financial Audits Bureau
ATTENTION: Financial Audits Unit Manager
744 P Street, MS 8-13-23
Sacramento, California 95814.

GROUP HOME OR FOSTER FAMILY AGENCY CORPORATE NAME	PROGRAM NUMBERS(S)
First Place for Youth	2362.18.01
STREET ADDRESS	PROGRAM FISCAL YEAR (MO/YR-MO/YR)
426 17th Street, Suite 400	06/30/2022
CITY, STATE, AND ZIP CODE	PROVIDER PHONE NUMBER
Oakland, CA 94612	(510) 272-0979

The attached supplementary cost data reports are presented for the purposes of additional analysis and are not a required part of the basic financial statements but are required as supplementary information by the California Department of Social Services in accordance with Manual of Policies and Procedures Section 11-405.214. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Check only the forms which apply: SR 3 ☐ SR 4 ☐ FCR 12FFA ☐ THP + FC ☒

In compliance with the False Claims Act (31 U.S.C. §3729-3733), I certify that the information on this form is true and correct.

PRINTED NAME OF CPA	SIGNATURE OF CPA	DATE
Jeff Carrick		12/21/23
ADDRESS		
400 Oceangate, Suite 1000		
CITY, STATE AND ZIP CODE		
Long Beach, CA 90802		

CORPORATE NAME: First Place for Youth	PROGRAM NAME (IF DIFFERENT)		CORPORATE NUMBER C2170477	PROGRAM NUMBER 2362.18.01	CORP. FISCAL OR CALENDAR YEAR (MO/YR-MO/YR) July 2022 - June 2023	
	A	B	C	D	E	F
COST GROUPS	TOTAL PROGRAM AND ADMIN COSTS	OFFSETS (From other funding sources i.e. donation)	THP+FC HOST HOME *	THP+FC SINGLE AND REMOTE SITES *	MANAGEMENT AND GENERAL	PERCENTAGE OF TOTAL THP+FC COSTS
			PROGRAM COSTS		ADMIN COSTS	

I. Personnel Costs

Salary and Wages						
1	Executive Director Salary	\$ 27,087	\$ -		\$ -	\$ 27,087 0.24%
2	Assistant Director Salary	\$ 34,296	\$ 2,002		\$ 10,222	\$ 22,072 0.30%
3	Case Managers	\$ 120,516	\$ 57,794		\$ 62,722	\$ - 1.06%
4	Program Director/Administrator Salary	\$ 225,914	\$ 11,609		\$ 190,166	\$ 24,139 1.99%
5	Program Mgr./Supervisor	\$ 474,164	\$ 124,935		\$ 349,229	\$ - 4.18%
6	Community Resource Staff	\$ 660,988	\$ 319,256		\$ 286,333	\$ 55,398 5.83%
7	Administrative Support Staff	\$ 158,309	\$ -		\$ -	\$ 158,309 1.40%
8	Housing Staff	\$ 215,505	\$ 63,792		\$ 151,713	\$ - 1.90%
9	Social Worker Salary (not independent contractor)	\$ 940,660	\$ 407,162		\$ 533,498	\$ - 8.29%
10	Peer Advocate (Youth Position)	\$ 29,234	\$ 19,540		\$ 9,694	\$ - 0.26%
11	Other Personnel Costs (attach detail)	\$ -	\$ -		\$ -	\$ - 0.00%
	Sub-total Salary & Wages	\$ 2,886,672	\$ 1,006,090	\$ -	\$ 1,593,577	\$ 287,005 25.45%

Fringe Benefits and Payroll Taxes						
12	Payroll Taxes	\$ 220,117	\$ 77,383		\$ 120,951	\$ 21,783 1.94%
13	Workers' Compensation Insurance	\$ 21,558	\$ 8,882		\$ 10,741	\$ 1,935 0.19%
14	Retirement	\$ 82,211	\$ 32,561		\$ 42,073	\$ 7,577 0.72%
15	Health, Dental, Vision, etc.	\$ 255,322	\$ 102,137		\$ 129,807	\$ 23,378 2.25%
16	Other (attach detail)	\$ 22,281	\$ 21,353		\$ 787	\$ 142 0.20%
	Sub-total Fringe Benefits & Payr	\$ 601,490	\$ 242,316	\$ -	\$ 304,359	\$ 54,815 5.30%

Contracted Services						
17	Social Worker Contract	\$ 5,177	\$ -		\$ 5,177	\$ - 100.0%
18	Social Work Activities	\$ -	\$ -		\$ -	\$ - 0.00%
19	Other (attach detail)	\$ -	\$ -		\$ -	\$ - 0.00%
	Sub-total Contracted Services	\$ 5,177	\$ -	\$ -	\$ 5,177	\$ - 0.05%

TOTAL Personnel Costs	\$ 3,493,339	\$ 1,248,406	\$ -	\$ 1,903,113	\$ 341,820	30.80%
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II. Operational Costs

Operating						
20	Advertising & Recruitment	\$ 13,392	\$ 3,759		\$ 9,633	\$ - 0.12%
21	Conferences, Meetings, In-Service Training	\$ 20,267	\$ 501		\$ 19,765	\$ - 0.18%
22	Home & Sites Support & Training	\$ 8,700	\$ 1,345		\$ 7,355	\$ - 0.08%
23	Liability Insurance	\$ 44,935	\$ 16,448		\$ 28,487	\$ - 0.40%
24	Office, Program & Training Supplies	\$ 44,124	\$ 11,123		\$ 33,001	\$ - 0.39%
25	Professional & Auditing Fees	\$ 80,982	\$ 17,388		\$ 63,594	\$ - 0.71%
26	Administrative Contracts	\$ 110,793	\$ 36,499		\$ 71,840	\$ 2,453 0.98%
27	Licenses and Permits	\$ 8,591	\$ 6,349		\$ -	\$ 2,242 0.08%
28	Housing Turn-Over and Preparation Expense	\$ -	\$ -		\$ -	\$ - 0.00%
29	Telephone, Faxes, Internet	\$ 59,680	\$ 22,009		\$ 37,671	\$ - 0.53%
30	Other Costs (attach detail) (finger printing, background checks, etc.)	\$ 98,481	\$ 60,604		\$ 24,004	\$ 13,873 0.87%
	Sub-total Operating	\$ 489,943	\$ 176,026	\$ -	\$ 295,349	\$ 18,568 4.32%

Occupancy						
31	Rent (or cost of ownership #32-35)	\$ 290,758	\$ 24,447		\$ 266,312	\$ - 2.56%
32	Mortgage Interest (building & related)	\$ -	\$ -		\$ -	\$ - 0.00%
33	Property Insurance	\$ -	\$ -		\$ -	\$ - 0.00%
34	Property Tax	\$ -	\$ -		\$ -	\$ - 0.00%
35	Building Repair & Maintenance	\$ 50,636	\$ 24,780		\$ 25,857	\$ - 0.45%
36	Utilities	\$ 12,749	\$ 4,676		\$ 8,073	\$ - 0.11%
	Sub-total Occupancy	\$ 354,144	\$ 53,902	\$ -	\$ 300,241	\$ - 3.12%

Travel and Automobile						
37	Gas, Oil, Maintenance & Repair	\$ -	\$ -		\$ -	\$ - 0.00%
38	Staff Mileage Reimbursement Costs	\$ 68,883	\$ 5,916		\$ 62,968	\$ - 0.61%
39	Leased Vehicles Utilities	\$ -	\$ -		\$ -	\$ - 0.00%
40	Auto Insurance	\$ -	\$ -		\$ -	\$ - 0.00%
41	Auto Loan Interest Payment	\$ -	\$ -		\$ -	\$ - 0.00%
	Sub-total Travel and Automobile	\$ 68,883	\$ 5,916	\$ -	\$ 62,968	\$ - 0.61%

CORPORATE NAME: First Place for Youth	PROGRAM NAME (IF DIFFERENT)		CORPORATE NUMBER C2170477	PROGRAM NUMBER 2362.18.01	CORP. FISCAL OR CALENDAR YEAR (MO/YR-MO/YR) July 2022 - June 2023		
	A	B	C	D	E	F	
COST GROUPS	TOTAL PROGRAM AND ADMIN COSTS	OFFSETS (From other funding sources i.e. donation)	THP+FC HOST HOME *	THP+FC SINGLE AND REMOTE SITES *	MANAGEMENT AND GENERAL	PERCENTAGE OF TOTAL THP+FC COSTS	
			PROGRAM COSTS		ADMIN COSTS		

III. Direct Client Costs

42	Monthly Rental Subsidy (or cost of ownership #43-46)	\$ 3,465,903	\$ 66,420		\$ 3,399,483	\$ -	30.56%
43	Mortgage Interest (building & related)	\$ -	\$ -		\$ -	\$ -	0.00%
44	Property Insurance	\$ -	\$ -		\$ -	\$ -	0.00%
45	Property Tax	\$ -	\$ -		\$ -	\$ -	0.00%
46	Building Repair & Maintenance	\$ 1,134,357	\$ 36,516		\$ 1,097,841	\$ -	10.00%
47	Security Deposit	\$ -	\$ -		\$ -	\$ -	0.00%
48	Utilities, Telephone and Internet	\$ 366,613	\$ 1,529		\$ 365,084	\$ -	3.23%
49	Furnishings/Household Items	\$ 287,953	\$ 3,683		\$ 284,269	\$ -	2.54%
50	Client Allowance (personal necessities, food, clothing, stipend/allowance, transportation)	\$ 1,657,173	\$ 221,266		\$ 1,435,907	\$ -	14.61%
51	Infant Allowance	\$ -	\$ -		\$ -	\$ -	0.00%
52	Other (attach detail)	\$ 22,809	\$ 5,509		\$ 17,300	\$ -	0.20%
TOTAL Direct Client Costs		\$ 6,934,807	\$ 334,923	\$ -	\$ 6,599,884	\$ -	61.15%

GRAND TOTAL PROGRAM & ADMIN	\$ 11,341,116	\$ 1,819,173	\$ -	\$ 9,161,556	\$ 360,388	100.0%
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Fundraising Costs (attach detail) \$ - Other Expenses Paid With Donated & Raised Funds \$ -

Equipment and Property Purchased (attach detail) \$ - Organization & Start-up Costs (attach detail) \$ -

NUMBER OF YOUTH BY MONTH

	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
YEAR(S) - fiscal year will have two different years.....	2022	2022	2022	2022	2022	2022	2023	2023	2023	2023	2023	2023	
NAME OF MONTH - (Jan-Dec or fiscal year months).....	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
NUMBER OF YOUTH.....	194	199	205	209	204	209	212	220	232	238	229	235	2586

TRANSITIONAL HOUSING PROGRAM - FOSTER CARE (THP+FC) PROGRAM & OTHER REVENUE (THP+FC-1B)

CORPORATE NAME: First Place for Youth		PROGRAM NAME (IF DIFFERENT)
CORPORATE NUMBER C2170477	PROGRAM NUMBER 2362.18.01	CORP. FISCAL/CALENDAR YEAR (MO/YR-MO/YR) July 2022 - June 2023

REVENUE GROUPS		PROGRAM REVENUE
I. Program Revenue (including infant supplement, etc.)		
1	Program Revenue	\$ 9,521,943
2		\$ -
3		\$ -
4		\$ -
TOTAL Direct Program Revenue		\$ 9,521,943

II. Other Revenue (Donations, Fundraising, Refunds, Etc.)		OTHER REVENUE
5	Fundraising	\$ -
6		\$ -
7		\$ -
8		\$ -
TOTAL Other Revenue		\$ -

GRAND TOTAL REVENUE		\$ 9,521,943
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