

MARIPOSA WOMEN & FAMILY CENTER

Financial Statements

Year ended June 30, 2023

MARIPOSA WOMEN & FAMILY CENTER

Financial Statements

Year ended June 30, 2023

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Independent Auditor's Report

Board of Directors
Mariposa Women & Family Center
Orange, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mariposa Women & Family Center (the "Organization"), 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 Mariposa Women & Family Center 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.

Emphasis of a Matter

During the year ended June 30, 2023, Mariposa Women & Family Center implemented Financial Accounting Standards Board (FASB) ASC 842: Leases as further discussed in footnote 6. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mariposa Women & Family Center 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

Mariposa Women & Family Center's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 auditor's 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 Mariposa Women & Family Center'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 Mariposa Women & Family Center'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 Mariposa Women & Family Center'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.



Irvine, California
February 7, 2024

MARIPOSA WOMEN & FAMILY CENTER

Statement of Financial Position

Year ended June 30, 2023

(with comparative information for the prior year)

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 386,850	1,027,408
Certificates of deposit (note 4)	647,549	-
Receivables:		
Accounts receivable	47,549	41,253
County of Orange	294,639	85,305
Prepaid expenses	26,461	24,549
Security deposits	23,375	23,375
Right of use asset, net (note 6)	1,206,337	-
Fixed assets, net (note 5)	<u>75,137</u>	<u>92,400</u>
 TOTAL ASSETS	 <u>\$ 2,707,897</u>	 <u>1,294,290</u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 9,112	17,031
Accrued expenses	182,504	103,325
Deferred rent incentive	-	61,911
Note payable, current (note 8)	7,494	6,690
Lease liability, current (note 6)	<u>203,634</u>	<u>-</u>
 TOTAL CURRENT LIABILITIES	 <u>402,744</u>	 <u>188,957</u>
Long-Term Liabilities:		
Note payable, long-term (note 8)	150,998	150,018
Lease liability, long-term (note 6)	<u>1,070,073</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>1,623,815</u>	 <u>338,975</u>
Net assets:		
Without donor restrictions	906,582	815,315
With donor restrictions (note 11)	<u>177,500</u>	<u>140,000</u>
 TOTAL NET ASSETS	 <u>1,084,082</u>	 <u>955,315</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,707,897</u>	 <u>1,294,290</u>

See accompanying notes to the financial statements.

MARIPOSA WOMEN & FAMILY CENTER

Statement of Activities

Year ended June 30, 2023

(with comparative information for the prior year)

	Without Donor	With Donor	Totals	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2023</u>	<u>2022</u>
SUPPORT AND REVENUES:				
Contributions:				
Individual and corporate donations	\$ 78,337	-	78,337	108,908
Foundations	35,003	177,500	212,503	216,000
In-kind contributions (note 2g, note 9)	585,219	-	585,219	399,827
Fees for service	426,973	-	426,973	378,339
Government contracts and grants (note 2j)	1,516,023	-	1,516,023	1,122,720
Investment income	1,126	-	1,126	1,125
Other income	153,319	-	153,319	57,319
Special events, net of direct expenses	11,628	-	11,628	20,949
Total revenue	<u>2,807,628</u>	<u>177,500</u>	<u>2,985,128</u>	<u>2,305,187</u>
Net assets released from restrictions	<u>140,000</u>	<u>(140,000)</u>	<u>-</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUES	 <u>2,947,628</u>	 <u>37,500</u>	 <u>2,985,128</u>	 <u>2,305,187</u>
EXPENSES:				
Program services:				
CalWORKs	1,352,543	-	1,352,543	992,862
Family counseling	1,228,240	-	1,228,240	927,965
TOTAL PROGRAM SERVICES	<u>2,580,783</u>	<u>-</u>	<u>2,580,783</u>	<u>1,920,827</u>
Supporting services:				
Fundraising	19,511	-	19,511	26,455
General and administrative	256,067	-	256,067	269,078
TOTAL SUPPORTING SERVICES	<u>275,578</u>	<u>-</u>	<u>275,578</u>	<u>295,533</u>
TOTAL EXPENSES	<u>2,856,361</u>	<u>-</u>	<u>2,856,361</u>	<u>2,216,360</u>
 INCREASE IN NET ASSETS	 91,267	 37,500	 128,767	 88,827
 NET ASSETS AT BEGINNING OF YEAR	 <u>815,315</u>	 <u>140,000</u>	 <u>955,315</u>	 <u>866,488</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 906,582</u>	 <u>177,500</u>	 <u>1,084,082</u>	 <u>955,315</u>

See accompanying notes to the financial statements.

MARIPOSA WOMEN & FAMILY CENTER
Statement of Functional Expenses
Year ended June 30, 2023
(with comparative information for the prior year)

	Program Services		
	CalWORKs	Family Counseling	Total Program Services
Salary expense	<u>\$1,092,896</u>	<u>391,264</u>	<u>1,484,160</u>
Total personnel expense	<u>1,092,896</u>	<u>391,264</u>	<u>1,484,160</u>
Accounting and audit	-	15,278	15,278
Professional fees	-	67,774	67,774
Postage & printing	441	341	782
Equipment service	11,504	16,919	28,423
Telephone, fax, and internet	27,663	11,406	39,069
Supplies	6,712	4,025	10,737
Subscriptions, dues, licenses	33,667	23,722	57,389
Other office expenses	-	7,278	7,278
Building lease & utilities	142,772	85,945	228,717
Building maintenance	2,511	1,972	4,483
Travel & meals	17,965	1,370	19,335
Insurance	9,660	5,796	15,456
Donated services	-	585,219	585,219
Interest expense	-	-	-
Loss on disposal of fixed assets	-	-	-
Depreciation expense	<u>6,752</u>	<u>9,931</u>	<u>16,683</u>
TOTAL EXPENSES	<u>\$ 1,352,543</u>	<u>1,228,240</u>	<u>2,580,783</u>

See accompanying notes to the financial statements.

MARIPOSA WOMEN & FAMILY CENTER
Statement of Functional Expenses
Year ended June 30, 2023
(with comparative information for the prior year)

	Supporting Services			Totals	
	Fundraising	General and Administrative	Total Supporting Services	2023	2022
	Salary expense	18,511	148,702	167,213	1,651,373
Total personnel expense	18,511	148,702	167,213	1,651,373	1,203,193
Accounting and audit	-	51,129	51,129	66,407	73,631
Professional fees	-	31,973	31,973	99,747	65,478
Postage & printing	-	55	55	837	571
Equipment service	-	987	987	29,410	119,621
Telephone, fax, and internet	-	1,029	1,029	40,098	46,290
Supplies	-	2,392	2,392	13,129	69,077
Subscriptions, dues, licenses	-	737	737	58,126	45,905
Other office expenses	1,000	75	1,075	8,353	564
Building lease & utilities	-	13,122	13,122	241,839	152,278
Building maintenance	-	293	293	4,776	6,803
Travel & meals	-	-	-	19,335	2,813
Insurance	-	645	645	16,101	16,531
Donated services	-	-	-	585,219	399,827
Interest expense	-	4,348	4,348	4,348	3,802
Loss on disposal of fixed assets	-	-	-	-	512
Depreciation expense	-	580	580	17,263	9,464
	19,511	256,067	275,578	2,856,361	2,216,360

See accompanying notes to the financial statements.

MARIPOSA WOMEN & FAMILY CENTER

Statement of Cash Flows

Year ended June 30, 2023

(with comparative information for the prior year)

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities:</u>		
Increase in net assets	\$ 128,767	88,827
Adjustments to reconcile change in net assets to net cash cash provided by operations		
Depreciation	17,263	9,464
Amortization of right of use leased assets	23,579	-
Bad debt expense	-	564
Loss on disposal of fixed assets	-	512
Changes in operating assets and liabilities:		
Receivables	(215,630)	112,524
Prepaid expenses	(1,912)	13,688
Security deposits	-	(19,362)
Accounts payable	(7,919)	(3,957)
Accrued expenses	80,963	1,517
Lease liability	(18,120)	-
Deferred rent incentive	-	58,657
	<u>6,991</u>	<u>262,434</u>
Net cash provided by operating activities		
<u>Cash flows from investing activities:</u>		
Purchase of certificates of deposit	(647,549)	-
Purchase of fixed assets	-	(85,884)
	<u>(647,549)</u>	<u>(85,884)</u>
Net cash used for investing activities		
Net increase in cash	(640,558)	176,550
Cash and cash equivalents at beginning of year	<u>1,027,408</u>	<u>850,858</u>
Cash and cash equivalents at end of year	<u>\$ 386,850</u>	<u>1,027,408</u>

There were no significant non-cash investing and financing activities in 2023 or 2022.

See accompanying notes to the financial statements.

MARIPOSA WOMEN & FAMILY CENTER

Notes to the Financial Statements

Year ended June 30, 2023

(1) Organization and Nature of Services

Mariposa Women & Family Center ("Mariposa" or the "Organization") is a nonprofit agency founded on April 25, 1977 and was incorporated on May 8, 1981 under the California Nonprofit Benefit Corporation Law. The Organization provides mental health and recovery counseling, life skills education, and supportive services to women and families.

Mariposa's program services are as follows:

- a) CalWORKs Program – This program provides behavioral health services to Welfare to Work recipients and is funded by the Social Services Administration through Orange County's Health Care Agency. The goal of the CalWORKs Program is to provide mental health counseling to recipients who are experiencing mental health barriers to entering the workforce.
- b) Community Counseling Program (Family Counseling) – This program offers a wide range of mental health counseling services for low-income clients. It is open to women, men, and children. In addition to the counseling, this program provides training for facilitators and offers continuing education units accepted by the Board of Behavioral Sciences and other professional boards.

(2) Summary of Significant Accounting Policies

Management determines the accounting principles to be used in the preparation of the accompanying financial statements. A description of significant accounting policies employed in the preparation of these financial statements are as follows:

(a) Basis of Presentation

The financial statements of Mariposa have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amount of assets, liabilities, revenues, and expenses, as well as contingent assets and liabilities. Actual results could differ from those estimates.

MARIPOSA WOMEN & FAMILY CENTER

Notes to the Financial Statements

Year ended June 30, 2023

(2) Summary of Significant Accounting Policies (Continued)

(c) Financial Statement Presentation

Mariposa has implemented the financial statement presentation recommended by the Financial Accounting Standards Board in its Auditing Standards Codification (ASC) ASC 958-205, *Presentation of Financial Statements*. In accordance with ASC 958-205, Mariposa reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

(d) Cash and Cash Equivalents

Mariposa considers all unrestricted, highly liquid investments with a maturity of three months or less to be cash equivalents.

(e) Fair Value Measurements

The organization reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the organization is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

MARIPOSA WOMEN & FAMILY CENTER

Notes to the Financial Statements

Year ended June 30, 2023

(2) Summary of Significant Accounting Policies (Continued)

(f) Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701d. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

In accordance with accounting standards, which provides accounting and disclosure guidance about uncertain tax positions taken by an organization, Management believes that all of the positions taken by the Organization in its federal and state income tax returns are more likely than not to be sustained upon examination. The Organization files returns in the U.S. Federal jurisdiction and the State of California.

(g) In-Kind Contributions

Contributed non-financial assets include donated materials and donated professional services which are recorded at their respective fair values of the materials or services received (Note 8). Contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by in-kind contribution. In addition to contributed non-financial assets, the value of other volunteer services that do not meet these criteria are not reflected in the financial statements because the contributed services do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed materials are recorded at fair value at the date of receipt.

(h) Concentration of Revenues

Mariposa received approximately 51% of its total support and revenue from governmental agencies during the year ended June 30, 2023. Furthermore, 100% of Mariposa's total government support during the year ended June 30, 2023, was received from government contracts with the County of Orange.

(i) Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absences of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

MARIPOSA WOMEN & FAMILY CENTER

Notes to the Financial Statements

Year ended June 30, 2023

(2) Summary of Significant Accounting Policies (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions. The Organization's unspent contributions are included in this class if the donor limited their use. When a donor's restrictions are satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

(j) Government Contracts

Mariposa receives significant revenue in the form of governmental contracts. These amounts represent contracts with governmental agencies to assist those governmental agencies in the performance of essential community programs. Grant revenue is recognized in accordance with FASB ASC 606, *Revenue from Contracts with Customers*. Mariposa recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which Mariposa expects to be entitled for those goods or services. At June 30, 2023, Mariposa recorded \$1,516,023 of government contract revenue. Mariposa satisfies its performance obligation as eligible expenses are incurred. The government contracts are paid after invoices are submitted for reimbursement to the granting agencies.

(k) Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent.

Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

MARIPOSA WOMEN & FAMILY CENTER

Notes to the Financial Statements

Year ended June 30, 2023

(2) Summary of Significant Accounting Policies (Continued)

(l) Fixed Assets

Fixed assets in excess of \$5,000 are capitalized at historical cost or fair market value at the date of purchase or donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Mariposa reports expiration of donor restrictions when the donated assets are placed in service as instructed by the donor. Maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

(m) Accrued Vacation and Sick Leave

Accrued employee vacation represents vacation time earned by Mariposa employees which has not yet been taken. Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave is not recognized since payment of such benefits is not rendered upon termination of employment. Therefore, sick leave benefits are recorded as expenses during the period the sick leave is taken. As of June 30, 2023, accrued vacation liabilities were \$59,054 and are included in accrued expenses on the accompanying Statement of Financial Position.

(n) Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

(o) Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

MARIPOSA WOMEN & FAMILY CENTER

Notes to the Financial Statements

Year ended June 30, 2023

(2) Summary of Significant Accounting Policies (Continued)

(p) Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Occupancy, depreciation, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgment contains requests for contributions, joint costs have been allocated between fundraising and general and administrative expense in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

(q) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's prior year financial statements, from which this selected data was derived.

(r) Recently adopted accounting standards

In 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2022). 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.

MARIPOSA WOMEN & FAMILY CENTER

Notes to the Financial Statements

Year ended June 30, 2023

(2) Summary of Significant Accounting Policies (Continued)

As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of \$1,229,916 and lease liabilities totaling \$1,291,827 in its Statement of Financial Position as of July 1, 2022.

(3) Concentration of Credit Risk

Mariposa maintains cash at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023, there was \$133,804 held in excess of the insured limits.

(4) Certificates of Deposit

Certificates of deposit were \$547,549 at June 30, 2023 and are reported at fair value measurement Level 2 for investments measured using inputs such as quoted prices for similar assets or quoted prices for identical assets in inactive markets.

(5) Fixed Assets

Fixed assets consist of the following at June 30, 2023:

Furniture and Fixtures	\$ 43,057
Leasehold Improvements	<u>61,440</u>
Total Fixed Assets	104,497
Less: Accumulated Depreciation	<u>(29,360)</u>
Total	<u>\$ 75,137</u>

Depreciation expense amounted to \$17,263 for the year ended June 30, 2023.

Fixed assets meeting the Organization's capitalization threshold totaling \$5,000 have been acquired using CalWORKs grant funds. Those assets are not reflected in the accompanying Statement of Financial Position because the CalWORKs agreement specifies that the assets must be returned to the County of Orange upon the termination of the agreement.

(6) Lease Liability and Right of Use Leased Assets

Mariposa evaluated current contracts to determine which met the criteria of a lease. The right-of-use assets represent Mariposa's right to use underlying assets for the lease term, and the lease liabilities represent Mariposa's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. Mariposa has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023, was 3.05%.

MARIPOSA WOMEN & FAMILY CENTER

Notes to the Financial Statements

Year ended June 30, 2023

(6) Lease Liability and Right of Use Leased Assets (Continued)

Effective October 1, 2021 Mariposa amended their lease agreement for the San Juan Capistrano location through June 30, 2027. The monthly lease payments range from \$4,271 to \$4,842. On August 25, 2021, Mariposa entered into a lease agreement on their Orangewood Ave location for their main office. The lease is effective from October 1, 2021 through May 30, 2029, with monthly lease payments beginning at \$14,312. At June 30, 2023, Mariposa also had equipment leases for multiple copiers with monthly lease payments ranging from \$156 to \$390 and terms expiring from January 2026 to September 2026.

For the year ended June 30, 2023, total operating lease cost was \$238,452, total variable lease costs was \$18,556, and total short-term lease cost was \$632. As of June 30, 2023, the weighted-average remaining lease term for Organization's leases was approximately 5.73 years.

Cash paid for operating leases for the year ended June 30, 2023, was \$233,275. There were no noncash investing and financing transactions related to leasing other than the transition entry described in note 2.

The future minimum lease payments under noncancellable operating leases with terms greater than one year are listed below as of June 30, 2023:

Year Ending June 30	
2024	\$ 239,388
2025	241,515
2026	247,832
2027	250,236
2028	202,078
Thereafter	<u>208,421</u>
Total lease payments	1,389,470
Less: interest	<u>(115,763)</u>
Present value of leases payable	<u>\$ 1,273,707</u>

Amortization expense on the right of use asset was \$23,579 for the year ended June 30, 2023. The right of use lease asset, net of amortization, was \$1,206,337 at June 30, 2023.

(7) Contingencies and Uncertainties

Financial assistance from federal, state, and local government entities in the form of contracts is subject to special audits. Such audits could result in claims against Mariposa for disallowed costs or noncompliance with contract restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

MARIPOSA WOMEN & FAMILY CENTER

Notes to the Financial Statements

Year ended June 30, 2023

(8) Long-Term Liabilities

The Organization has a \$40,000 line of credit with Wells Fargo. Payments on the outstanding balance are due monthly. The annual interest on the line of credit is 10%. As of June 30, 2023, the balance on the line of credit was \$0. The line of credit is renewed annually on November 1.

On September 24, 2020, the Organization received a loan in the amount of \$150,000 from the U.S. Small Business Administration under the Economic Injury Disaster Loan program. Interest accrues at a rate of 2.75% and installment payments of \$641 are due monthly beginning in March 2023, which is 30 months from the date of the original note. At June 30, 2023, the outstanding balance includes accrued but unpaid interest of \$8,484.

Loan maturities as of June 30, 2023 are as follows based on the terms of the loan agreements:

Year Ending June 30	Principal	Interest	Total
2024	\$ 7,494	\$ 3,893	\$ 11,387
2025	3,904	3,788	7,692
2026	4,013	3,679	7,692
2027	4,125	3,567	7,692
2028	4,240	3,452	7,692
Thereafter	<u>134,716</u>	<u>39,418</u>	<u>174,134</u>
Total	158,492	57,797	216,289
Less: Current portion	<u>(7,494)</u>	<u>(3,893)</u>	<u>(11,387)</u>
Noncurrent portion	<u>\$ 150,998</u>	<u>53,904</u>	<u>204,902</u>

(9) In-Kind Contributions

For the year ended June 30, 2023, contributed non-financial assets recognized within the statement of activities included the following:

Counseling services	\$ 585,219
Total	<u>\$ 585,219</u>

Counseling services are provided by pre-licensed therapists under the supervision of licensed professional therapists. The therapists provide therapy services that are tailored to meet the specific needs of each individual that participates in the Organization's counseling program. The counseling services are recognized at fair based on current rates for similar counseling services in the State of California.

MARIPOSA WOMEN & FAMILY CENTER

Notes to the Financial Statements

Year ended June 30, 2023

(10) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 are as follows:

Financial assets:	
Cash and cash equivalents	\$ 386,850
Certificates of deposit	647,549
Accounts receivable	47,549
County of Orange receivable	294,639
Total financial assets	<u>1,376,587</u>
Less financial assets held to meet donor-imposed restrictions:	
Purpose restricted net assets	<u>(177,500)</u>
Amount available for general expenditures within one year	<u>\$ 1,199,087</u>

The Organization has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which are, on average \$500,000. The Organization also has committed lines of credit in the amount of \$40,000, which it could draw upon in the event of an unanticipated liquidity need as described in Note 8.

(11) Net Assets with Donor Restrictions

Net assets with donor restrictions includes purpose restricted contributions received that had not been spent by June 30, 2023 in the amount of \$177,500.

(12) Subsequent Events

Subsequent events have been evaluated by management through February 7, 2024, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.