

TRINITY CENTER WALNUT CREEK

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023



TRINITY CENTER WALNUT CREEK

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Trinity Center Walnut Creek

We have reviewed the accompanying consolidated financial statements of Trinity Center Walnut Creek (a nonprofit organization and wholly owned subsidiary), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to the Center's financial data and making inquiries of the Center's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Trinity Center Walnut Creek and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

February 12, 2025

Perotti & Carrade

TRINITY CENTER WALNUT CREEK
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	ASSETS	
	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and cash equivalents	\$ 894,112	\$ 773,846
Certificates of deposit	-	149,996
Grants and contributions receivable	221,278	296,681
Other current assets	16,766	11,733
Total current assets	<u>1,132,156</u>	<u>1,232,256</u>
Non-Current Assets		
Operating lease right-of-use asset	10,023	21,868
Property and equipment, net	68,057	95,101
Total non-current assets	<u>78,080</u>	<u>116,969</u>
Total Assets	<u>\$ 1,210,236</u>	<u>\$ 1,349,225</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 41,632	\$ 46,680
Accrued vacation	30,102	38,091
Current portion of operating lease liability	10,628	12,259
Total current liabilities	<u>82,362</u>	<u>97,030</u>
Long-Term Liability: Operating lease liability	-	10,628
Total liabilities	<u>82,362</u>	<u>107,658</u>
Net Assets		
Without donor restrictions	1,054,827	1,082,844
With donor restrictions	73,047	158,723
Total net assets	<u>1,127,874</u>	<u>1,241,567</u>
Total Liabilities and Net Assets	<u>\$ 1,210,236</u>	<u>\$ 1,349,225</u>

See accompanying notes and independent accountant's review report.

TRINITY CENTER WALNUT CREEK

**CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Donations and grants	\$ 1,143,465	\$ -	\$ 1,143,465	\$ 1,189,859	\$ 81,500	\$ 1,271,359
Contributed nonfinancial assets	120,000	-	120,000	120,000	-	120,000
Interest income	6,509	-	6,509	2,425	-	2,425
Fundraising events:						
Special event revenue	161,414	-	161,414	126,775	-	126,775
Less: costs of direct benefits to donors	(21,926)	-	(21,926)	(25,577)	-	(25,577)
Net revenues from special events	139,488	-	139,488	101,198	-	101,198
Release from restrictions	85,676	(85,676)	-	167,449	(167,449)	-
Total revenue and support	1,495,138	(85,676)	1,409,462	1,580,931	(85,949)	1,494,982
Expenses						
Programs	1,090,123	-	1,090,123	1,109,323	-	1,109,323
General and administrative	292,112	-	292,112	233,957	-	233,957
Development	140,920	-	140,920	154,565	-	154,565
Total expenses	1,523,155	-	1,523,155	1,497,844	-	1,497,844
Change in Net Assets	(28,017)	(85,676)	(113,693)	83,087	(85,949)	(2,862)
Net Assets at Beginning of Year	1,082,844	158,723	1,241,567	999,757	244,672	1,244,429
Net Assets at End of Year	\$ 1,054,827	\$ 73,047	\$ 1,127,874	\$ 1,082,844	\$ 158,723	\$ 1,241,567

See accompanying notes and independent accountant's review report.

TRINITY CENTER WALNUT CREEK
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Programs	General and Administrative	Development	Total
Salaries	\$ 580,585	\$ 116,116	\$ 67,226	\$ 763,927
Payroll taxes	55,051	11,011	6,374	72,436
Benefits	38,148	7,630	4,417	50,195
Total labor costs	<u>673,784</u>	<u>134,757</u>	<u>78,017</u>	<u>886,558</u>
Facilities and equipment	224,627	30,970	17,930	273,527
Building security	88,699	11,167	6,466	106,332
Bank and payroll charges	-	53,321	-	53,321
Food and supplies	40,355	-	-	40,355
Professional fees	1,337	21,020	17,519	39,876
Insurance	27,387	5,478	3,171	36,036
Meals and entertainment	-	-	35,122	35,122
Depreciation	20,553	4,111	2,380	27,044
IT and software	4,064	19,452	471	23,987
Office expenses	3,363	6,344	1,303	11,010
Telephone	4,034	807	467	5,308
Printing	-	4,685	-	4,685
Auto and travel	1,920	-	-	1,920
Total expenses by function	<u>1,090,123</u>	<u>292,112</u>	<u>162,846</u>	<u>1,545,081</u>
Less: expenses included with revenues on the statement of activities				
Costs of direct benefit to donors	<u>-</u>	<u>-</u>	<u>(21,926)</u>	<u>(21,926)</u>
Total expenses included in expense section on the statement of activities	<u>\$ 1,090,123</u>	<u>\$ 292,112</u>	<u>\$ 140,920</u>	<u>\$ 1,523,155</u>

See accompanying notes and independent accountant's review report.

TRINITY CENTER WALNUT CREEK
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Programs</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total</u>
Salaries	\$ 613,644	\$ 93,022	\$ 91,643	\$ 798,309
Payroll taxes	50,179	8,730	7,494	66,403
Benefits	36,873	5,590	5,507	47,969
Total labor costs	<u>700,696</u>	<u>107,342</u>	<u>104,644</u>	<u>912,681</u>
Facilities and equipment	219,782	22,771	22,434	264,987
Building security	97,397	9,483	9,344	116,224
Food and supplies	57,789	-	-	57,789
Bank and service charges	-	35,002	-	35,002
Insurance	14,796	9,651	2,210	26,657
Professional fees	-	15,696	10,092	25,788
Meals and entertainment	-	-	25,577	25,577
Depreciation	13,197	2,001	1,971	17,169
Office expenses	-	13,394	3,141	16,535
IT and software	-	13,095	-	13,095
Telephone	4,882	740	729	6,351
Printing	-	4,782	-	4,782
Auto and travel	784	-	-	784
Total expenses by function	<u>1,109,323</u>	<u>233,957</u>	<u>180,142</u>	<u>1,523,421</u>
Less: expenses included with revenues on the statement of activities				
Costs of direct benefit to donors	<u>-</u>	<u>-</u>	<u>(25,577)</u>	<u>(25,577)</u>
Total expenses included in expense section on the statement of activities	<u>\$ 1,109,323</u>	<u>\$ 233,957</u>	<u>\$ 154,565</u>	<u>\$ 1,497,844</u>

See accompanying notes and independent accountant's review report.

TRINITY CENTER WALNUT CREEK
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (113,693)	\$ (2,862)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	27,044	17,169
Noncash lease expense	194,824	199,827
Contributed nonfinancial assets related to lease expense	(120,000)	(120,000)
Changes in operating assets and liabilities:		
Grants and contributions receivable	75,403	(28,535)
Other current assets	(5,033)	(3,344)
Accounts payable and accrued expenses	(5,048)	5,015
Accrued vacation	(7,989)	5,842
Payment on operating leases liabilities	(75,238)	(78,808)
Net cash used in operating activities	<u>(29,730)</u>	<u>(5,696)</u>
Cash Flows From Investing Activities		
Liquidation of (investment in) certificates of deposit, net	149,996	(149,996)
Property and equipment additions	<u>-</u>	<u>(84,943)</u>
Net cash provided by (used in) investing activities	<u>149,996</u>	<u>(234,939)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	120,266	(240,635)
Cash and Cash Equivalents - Beginning of Year	<u>773,846</u>	<u>1,014,481</u>
Cash and Cash Equivalents - End of Year	<u>\$ 894,112</u>	<u>\$ 773,846</u>

See accompanying notes and independent accountant's review report.

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. ORGANIZATION

Trinity Center Walnut Creek (the “Center”) was founded in 2012 as a nonprofit organization providing support for those experiencing homelessness. The Center provides a winter homeless center, case management services, and other services to the homeless of Contra Costa County. The Center is the single member of a limited liability company, The Post MGP LLC (“Post”). Post is the managing general partner of a limited partnership which owns an affordable living apartment complex. The activities of Post are de minimus.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Center and Post have been prepared using the accrual method of accounting. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation – The Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are board limits resulting from the nature of the Center, 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. Net assets with donor restrictions are resources that are 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, such as those that the donor stipulates that resources be maintained in perpetuity. There are no donor restricted net assets which are required to be maintained in perpetuity.

Cash and Cash Equivalents – Cash and cash equivalents are composed of bank checking, savings, and money market accounts.

Certificates of Deposit – Certificates of deposits are composed of certificates of deposit with original maturity dates of 90 days or more.

Contributions – Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions in which the use is limited by the donor are reported as increases in net assets with donor restrictions. Contributions that are restricted or conditioned by the donor are reported as increases in net assets without donor restriction if the

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions, continued - restrictions or conditions are satisfied in the fiscal year in which the contributions are recognized. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution.

Allowance for Doubtful Accounts – An allowance for doubtful accounts reflects management’s best estimate of probable losses inherent in grants and contributions receivable balances. The allowance for doubtful accounts is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the Center’s policy to not charge interest on its receivables. Receivables are written off once management has determined the ability to collect is not possible. No allowance was deemed necessary as of June 30, 2024 and 2023.

Advertising Costs – Advertising costs which were de minimus during the years ended June 30, 2024 and 2023, respectively, were expensed as incurred.

Property and Depreciation – Property consists of furniture and equipment and a vehicle. Depreciation has been calculated using the straight-line method applied over the estimated useful lives of the assets: five years. The Center capitalizes property and equipment acquisitions when their original cost or at time of donation, the fair market value, exceeds \$2,500.

Tax-exempt Status – The Center is exempt from the federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar California statute. In addition, the Internal Revenue Service has determined that the Center is not a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for federal or state income taxes has been recorded. The Center has evaluated its current tax positions as of June 30, 2024 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Center’s informational returns are subject to examination by the Internal Revenue Service and the California Franchise Tax Board, generally for three years and four years, respectively, after they are filed.

Contributed nonfinancial assets – Contributed nonfinancial assets represent contributed goods and services. The Center recognizes in-kind donations received at estimated fair value if such goods or services are measurable, would otherwise be purchased and (a) create or enhance nonfinancial assets or (b) require specialized skills, and are provided by individuals possessing those skills and would typically need to be paid for if not provided by donation.

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in Partnership – The Center, through its ownership in Post, is the managing general partner of a limited partnership. The Center is a 0.01% partner. The partnership required no capital contribution. The investment is carried at cost and adjusted annually for equity in income and losses sustained by the partnership. As of June 30, 2024, the investment in the partnership is considered de minimus and has not been recorded.

As the managing general partner, Post is able to earn a partnership management fee from the underlying limited partnership. During the year ended June 30, 2024, the Center earned \$24,863 of such fees and there is a receivable of \$21,000, which is included in grants and contributions receivable on the consolidated statement of financial position. No fee was earned during the year ended June 30, 2023.

Leases – The Center 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 Center 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.

Leases are evaluated on a regular basis to consider economic and strategic incentives of exercising the renewal options, and how they align with the Center's operating strategy. Therefore, substantially all the renewal option periods are not included within the lease term and the associated payments are not included in the measurement of the right-of-use asset and operating lease liability as the options to extend are not reasonably certain at lease commencement.

Use of Estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Functional Allocation of Expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs, including personnel costs, insurance, depreciation, and occupancy, have been allocated among programs and supporting services benefited based upon management's analysis of time and effort spent on the programs and supportive services.

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

3. LIQUIDITY AND AVAILABILITY

The Center strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The following table reflects the Center's financial assets as of June 30, that are available to meet general expenditures within one year of the statement of financial position date.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 894,112	\$ 773,846
Certificates of deposit	-	149,996
Grants and contributions receivable	221,278	296,681
Less: amounts unavailable for general expenditures within one year	<u>(73,047)</u>	<u>(158,723)</u>
Net financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,042,343</u>	<u>\$ 1,061,800</u>

4. PROPERTY AND EQUIPMENT, NET

Property and equipment is comprised of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 57,254	\$ 57,254
Vehicle	90,528	90,528
Total	<u>147,782</u>	<u>147,782</u>
Less: accumulated depreciation	<u>79,725</u>	<u>52,681</u>
Property, net	<u>\$ 68,057</u>	<u>\$ 95,101</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$27,044 and \$17,169, respectively.

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following programs as of June 30:

	<u>2024</u>	<u>2023</u>
Youth	\$ 38,592	\$ 62,661
Wellness	18,005	18,005
Interns	16,450	25,000
Homeless	-	47,500
Vehicles	-	5,557
Net assets with donor restrictions	<u>\$ 73,047</u>	<u>\$ 158,723</u>

Net assets with donor restrictions were released from donors' restrictions by incurring expenses satisfying the restricted purpose specified by the donors during the years ended June 30 as follows:

	<u>2024</u>	<u>2023</u>
Homeless	\$ 47,500	\$ -
Youth	24,069	87,339
Interns	8,550	-
Vehicles	5,557	52,443
General operations	-	26,667
Wellness	-	1,000
Net assets released from donor restrictions	<u>\$ 85,676</u>	<u>\$ 167,449</u>

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

6. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets did not have donor-imposed restrictions, unless otherwise noted. During the years ended June 30, the Center recognized the following nonfinancial assets within revenue on the statement of activities and where such nonfinancial assets are reflected on the statement of functional expenses:

2024				
	Programs	General & Administrative	Development	Total
Facilities and equipment \$	<u>91,200</u>	<u>\$ 18,240</u>	<u>\$ 10,560</u>	<u>\$ 120,000</u>
2023				
	Programs	General & Administrative	Development	Total
Facilities and equipment \$	<u>96,672</u>	<u>\$ 8,088</u>	<u>\$ 15,240</u>	<u>\$ 120,000</u>

Facilities is comprised of the discounted rent the Center receives for the lease of its facility. Contributed facilities is valued and reported based on the estimated fair value of the lease compared to actual required payments at the commencement of the lease. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

7. LEASE COMMITMENTS

The Center evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) asset represents the Center's right to use underlying assets for the lease term, and the operating lease liabilities represent the Center's obligation to make lease payments arising from these leases. The ROU asset and lease liability, all of which arise from an operating lease, were calculated based on the present value of future lease payments over the lease terms. The Center has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Only one contract met the criteria which is the office space used by the Center. The discount rate applied to calculate the lease liability as of June 30, 2024, was 1.60%.

For the year ended June 30, 2024, total operating lease costs were \$194,824, of which donated rent totaled \$120,000. For the year ended June 30, 2023, total operating lease costs were \$199,827, of which donated rent totaled \$120,000. As of June 30, 2024, the remaining lease term for the Center's operating lease was approximately ten months. The one operating lease expires in April 2025.

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

7. LEASE COMMITMENTS (continued)

Cash paid for the operating lease for the years ended June 30, 2024 and 2023 was \$75,238 and \$78,808, respectively. There were no noncash investing and financing transactions related to leasing.

Future minimum lease payments under noncancelable operating leases discounted to present value are presented in the following table, for the year ending June 30, 2025:

Remaining lease payments	\$	10,692
Present value discount		<u>(64)</u>
Remaining lease payments, net	\$	<u>10,628</u>

8. RETIREMENT PLAN

The Center enrolled in CalSavers Program, the retirement plan offered by the State of California. The plan permits employees to make contributions to the plan. There were no employer contributions made into the plan during the years ended June 30, 2024 and 2023.

9. CONTINGENCIES, RISKS, AND UNCERTAINTIES

A substantial portion of the Center's revenue is from local and state grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Center's program and activities.

10. SUBSEQUENT EVENTS

Management of the Center has evaluated events and transactions subsequent to June 30, 2024, for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through February 12, 2025, the date the financial statements were available to be issued.