

# WEST COUNTY COMMUNITY SERVICES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2021

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
West County Community Services  
Guerneville, California

We have audited the accompanying financial statements of West County Community Services (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Goranson and Associates, Inc.**

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West County Community Services as of June 30, 2021, 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.

## **Report on Summarized Comparative Information**

We have previously audited West County Community Services' financial statements for the year ended June 30, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Goranson and Associates, Inc.*

December 1, 2021  
Santa Rosa, CA

WEST COUNTY COMMUNITY SERVICES  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021  
(with summarized comparative totals for June 30, 2020)

	2021	2020
ASSETS		
Current assets:		
Cash	\$ 774,629	\$ 561,049
Accounts and grants receivable	1,168,264	672,321
Other assets	5,002	5,003
Prepaid expenses	18,750	15,438
Total current assets	1,966,645	1,253,811
Fixed assets:		
Work in process	49,893	-
Building and improvements	752,450	752,450
Vehicles	187,456	187,456
Furniture and equipment	137,364	137,364
Subtotal	1,127,163	1,077,270
Less accumulated depreciation	(666,793)	(622,183)
Net fixed assets	460,370	455,087
Total assets	\$ 2,427,015	\$ 1,708,898

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021  
(with summarized comparative totals for June 30, 2020)

	2021	2020
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 32,817	\$ 13,935
Accrued expenses	214,602	147,807
Deferred revenue	175,224	75,272
Current portion of note payable	126,884	126,884
Total current liabilities	549,527	363,898
Long Term liabilities:		
Notes payable, net of current portion	200,891	200,891
Total liabilities	750,418	564,789
Net assets:		
Without donor restriction	527,934	566,570
With donor restriction	1,148,663	577,539
Total net assets	1,676,597	1,144,109
Total liabilities and net assets	\$ 2,427,015	\$ 1,708,898

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021  
(with summarized comparative totals for the year ended June 30, 2020)

	Without donor restiction	With donor restriction	2021 Total	2020 Total
SUPPORT AND REVENUE:				
Government grants	\$ 3,978,135	\$ 1,269,931	5,248,066	\$ 1,779,065
Private grants	133,895	-	133,895	505,556
Contributions	136,464	81,860	218,324	383,531
Program fees	202,614	-	202,614	212,660
Special events, net of expense \$5,427	653	-	653	63,687
Investment income	505	-	505	648
Other income	10,293	-	10,293	2,330
Net assets released from restriction	780,667	(780,667)	-	-
Total support and revenue	5,243,226	571,124	5,814,350	2,947,477
EXPENSES:				
Program	4,643,467		4,643,467	2,435,724
Management and general	576,095		576,095	497,415
Fundraising	62,300		62,300	41,847
Total operating expense	5,281,862		5,281,862	2,974,986
CHANGE IN NET ASSETS	(38,636)	571,124	532,488	(27,509)
NET ASSETS, beginning of year	566,570	577,539	1,144,109	1,171,618
NET ASSETS, end of year	\$ 527,934	\$ 1,148,663	\$ 1,676,597	\$ 1,144,109

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

(with summarized comparative totals for the year ended June 30, 2020)

	Program	Management and General	Fundraising	2021 Total	2020 Total
Salaries and wages	\$ 2,203,316	\$352,076	\$24,804	\$ 2,580,196	\$ 1,596,728
Payroll tax and benefits	448,953	70,397	2,189	521,539	350,436
Rent	213,034	39,570	-	252,604	104,351
Utilities	113,298	-	-	113,298	97,949
Professional services	163,633	36,440	35,307	235,380	99,027
Printing	3,193	2,593	-	5,786	7,166
Postage	917	86	-	1,003	1,706
Telephone	35,587	9,395	-	44,982	36,783
Supplies and equipment	108,880	11,207	-	120,087	85,486
Travel and transportation	22,035	94	-	22,129	27,532
Insurance	28,977	2,398	-	31,375	28,849
Depreciation and amortization	44,611	-	-	44,611	43,827
Advertising and marketing	4,645	353	-	4,998	2,253
Hospitality	2,725	1,909	-	4,634	7,865
Equipment lease/maintenance	11,367	-	-	11,367	7,022
Participant assistance	1,136,013	1,651	-	1,137,664	354,739
Staff training	5,113	56	-	5,169	3,120
Repairs and maintenance	30,739	44	-	30,783	77,801
Interest expense	-	-	-	-	100
Miscellaneous expense	66,431	47,826	-	114,257	42,246
Total expenses	<u>\$ 4,643,467</u>	<u>\$ 576,095</u>	<u>\$ 62,300</u>	<u>\$ 5,281,862</u>	<u>\$ 2,974,986</u>

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021  
(with summarized comparative totals for the year ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 532,488	\$ (27,509)
Adjustments to reconcile change in net assets to cash from operations:		
Depreciation and amortization	44,610	43,827
(Increase) decrease in:		
Grants receivable	(495,943)	(227,586)
Prepaid expenses	(3,311)	39,718
Increase (decrease) in:		
Accounts payable and accrued expenses	85,677	(25,023)
Deferred revenue	99,952	(63,788)
Total cash provided by operations	263,473	(260,361)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(49,893)	46,290
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds	-	327,775
NET CHANGE IN CASH	213,580	113,704
CASH, beginning of year	561,049	447,345
CASH, end of year	\$ 774,629	\$ 561,049
Supplemental information:		
Cash paid for interest	\$ -	\$ 100

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 ORGANIZATION

West County Community Services (Agency) is a community-based nonprofit organization established in 1975 for the purpose of strengthening our west Sonoma County community with a range of human services, principally to senior citizens, people struggling with mental health challenges, at risk youth and their families, people without homes, and to other economically disadvantaged residents.

The Agency provides the following services: basic survival services including food to low income families, housing and homeless assistance, counseling and support services to seniors, high risk youth and their families including alternative activities such as recreation programs, independent living skills including case management, and employment training. Funding is received from federal, state, county, and local grants, as well as donations from the community.

Funding is received from federal, state, county, and local grants, as well as donations from the community.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Agency reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

*Net assets without donor restriction* – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

*Net assets with donor restriction* – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Agency to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

Net assets released from donor restriction – Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Other Basis of Presentation Policies – Revenues or support are reported as increases in net assets without donor restriction unless subject to donor-imposed restrictions. If temporary restrictions are fulfilled in the same time period the revenue or support is received, the Agency reports the revenue or support as unrestricted. Expenses are reported as decreases in net assets without restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restriction unless restricted by explicit donor stipulation or by law.

WEST COUNTY COMMUNITY SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents – Cash equivalents consist primarily of money market accounts and other investments with an original maturity of 90 days or less. Interest rates per annum are .02 to .05 percent.

Concentrations of Credit Risk – Financial instruments that potentially subject the Agency to concentrations of credit risk consist primarily of cash and cash equivalents. Throughout the year, the Agency may maintain cash and cash equivalent balances at various financial institutions in excess of the \$250,000 insurance per account holder as provided by FDIC. At June 30, 2021, the balance over the FDIC limit is \$471,783.

Grants receivable – Grants receivables are stated at the amount management expects to collect from outstanding balances. Allowances for non-payment of receivables are provided based on management's estimates. Management believes receivables at June 30, 2021 will be fully collected. Accordingly, no allowance for doubtful receivables is recorded.

Property and equipment – The Agency capitalizes all expenditures for property and equipment in excess of five thousand dollars. Property and equipment are stated at cost or, if donated, at fair value at date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset, with useful lives of five to twenty years.

Income Taxes – The Agency is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Agency is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Agency considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Agency's status as a not-for-profit entity. Management believes the Agency met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Agency's tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

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

WEST COUNTY COMMUNITY SERVICES  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Allocation Methodology – Costs that benefit more than one program are allocated on the basis of usage.

Donated Services and Items – Many people have contributed amounts of time and inventory to the activities of the Agency without compensation. The financial statements do not reflect the value of those contributed services and items because no reliable basis exists for determining an appropriate value.

Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparison purposes to conform to the presentation in the current year financial statements.

Summarized Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NOTE 3 LIQUIDITY

The following reflects the Agency's financial assets as of June 30, 2021 that are available for operations. The Agency's restrictions come from donor restricted funds based on time and program.

Financial assets at year end	2021	2020
Cash and cash equivalents	\$ 774,629	\$ 561,049
Accounts and grants receivable	1,168,264	672,321
Less financial assets with donor restrictions	(1,148,663)	(577,539)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 794,230	\$ 655,831

WEST COUNTY COMMUNITY SERVICES  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021

NOTE 4 GRANTS RECEIVABLE

Grants receivable consists of the following at June 30, 2021:

County of Sonoma	\$ 659,166
Sonoma County Community Development Commissic	465,587
Various Sonoma County School Districts	7,500
Other	36,011
Total	\$ 1,168,264

NOTE 5 ACCUMULATED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Agency. The value of accrued vacation at June 30, 2021 is \$98,841.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the Agency since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenses in the period sick leaves are taken.

NOTE 6 NOTES PAYABLE

The Agency has a note payable with the Small Business Administration in the amount of \$327,775. The loan originated May 2021 and matures May 2022. Interest is one percent. The loan can be forgiven as long as the covenants are met which was not done by June 30, 2021 but is expected to be by June 30, 2022. Future minimum payments are as follows:

2022	\$ 327,775
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Subsequent to yearend, in September 2021, the note was forgiven.

NOTE 7 LEASE COMMITMENTS

Building lease commitments – The Agency conducts administrative and program operations at various leased facilities and is committed to the following lease agreements:

The Agency leases space in Guerneville for administrative and program services commencing January 2019 and terminating December 2023. Monthly rent is \$5,000.

WEST COUNTY COMMUNITY SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 7 LEASE COMMITMENTS, continued

Building lease commitments, continued – The Agency leases space in Santa Rosa for counseling services under a month to month lease. Monthly rent is \$3,900.

The Agency leases space at the Veteran's Hall for four months of the year for the Winter Shelter. Monthly rent is \$11,569.

The Agency leases space at the Monte Rio Amphitheater Studio for the Empowerment Center. The lease was re-established September 2019 at \$600 a month including utilities.

The Agency has program dependent leases that total \$13,800 for the year ended June 30, 2021.

Total rent expense for the year ended June 30, 2021 was \$252,604.

The Agency also leases a copier. The copier costs \$183 a month. The lease originated February 2019 and terminates February 2023. Total cost for capital leases for the year ended June 30, 2021 is \$2,201.

Future minimum lease payments as of June 30 are as follows:

2022	\$ 109,800
2023	115,800
2024	36,000

WEST COUNTY COMMUNITY SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

The Agency has net assets with donor restrictions at June 30, 2021:

Emergency Rental Assistance	\$ 455,168
Crisis Counseling	117,001
Bob Burke's Kids	131,430
Partnership Healthcare	204,880
Homeless Housing Support Program	31,737
Park Village Homeless Housing Project	46,000
Senior Services	31,860
Other programs	130,587
Total	<u>\$ 1,148,663</u>

NOTE 9 RETIREMENT PLAN

The Agency maintains a contributory retirement plan available for its employees which allows participants to make tax deferred investment contributions. The plan qualifies under the provision of Section 403(b) of the Internal Revenue Code. The Agency contributed \$16,029 to the plan on behalf of employees for the year ended June 30, 2021.

NOTE 10 SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through December 1, 2021, the date the financial statements were available to be issued. In January 2021, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions. This could have a material effect on the Agency's operations, financial position, and cash flows. Also, as seen in Note 6, the Small Business Administration note payable was forgiven in September 2021.