

# **Children's Network of Solano County**

Fairfield, California

## **Financial Statements and Independent Auditors' Report**

*For the Year Ended June 30, 2022*

*With Summarized Comparative Financial Information  
For the Year Ended June 30, 2021*





**Children's Network of Solano County**  
**For the Year Ended June 30, 2022**  
**With Summarized Comparative Financial Information for the Year Ended June 30, 2021**

**Table of Contents**

---

	<u>Page</u>
<b><u>FINANCIAL SECTION</u></b>	
<b>Independent Auditors' Report .....</b>	<b>1</b>
<b>Financial Statements:</b>	
Statement of Financial Position .....	5
Statement of Activities.....	6
Statement of Functional Expenses .....	7
Statement of Cash Flows.....	8
Notes to the Financial Statements .....	11

*This page intentionally left blank.*



## INDEPENDENT AUDITORS' REPORT



To the Board of Directors  
of Children's Network of Solano County  
Fairfield, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Children's Network of Solano County (a California nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the Organization'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 the Organization'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***

The financial statements of the Organization as of and for the year ended June 30, 2021 were audited by other auditors, whose report, dated January 27, 2022 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Sacramento, California  
August 16, 2023

## **FINANCIAL STATEMENTS**

*This page intentionally left blank.*



# Children's Network of Solano County

## Statement of Financial Position

June 30, 2022

With Comparative Financial Information as of June 30, 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 312,078	\$ 390,801
Contributions receivable, net	476,298	657,367
Prepaid expenses	8,934	4,589
Deposits	11,194	11,194
Property and equipment, net	<u>4,176</u>	<u>6,210</u>
<b>Total assets</b>	<u>\$ 812,680</u>	<u>\$ 1,070,161</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 138,178	\$ 82,139
Accrued expenses	<u>67,113</u>	<u>66,125</u>
<b>Total liabilities</b>	<u>205,291</u>	<u>148,264</u>
<b>Net assets:</b>		
Without donor restrictions	287,593	267,514
With donor restrictions	<u>319,796</u>	<u>654,383</u>
<b>Total net assets</b>	<u>607,389</u>	<u>921,897</u>
<b>Total liabilities and net assets</b>	<u>\$ 812,680</u>	<u>\$ 1,070,161</u>

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

# Children's Network of Solano County

## Statement of Activities

For the Year Ended June 30, 2022

With Summarized Comparative Financial Information for the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>Revenues:</b>				
<b>Support and other revenue:</b>				
Government grants	\$ 750,043	\$ -	\$ 750,043	\$ 479,954
Foundation and corporate grants	715,540	127,500	843,040	1,358,509
Contributions	6,227	-	6,227	18,792
Interest income	1,019	-	202	33
Other income	202	-	1,019	86
<b>Total support and other revenue</b>	<b>1,473,031</b>	<b>127,500</b>	<b>1,600,531</b>	<b>1,857,374</b>
<b>Net assets released from restrictions</b>	<b>462,087</b>	<b>(462,087)</b>	<b>-</b>	<b>-</b>
<b>Total revenue</b>	<b>1,935,118</b>	<b>(334,587)</b>	<b>1,600,531</b>	<b>1,857,374</b>
<b>Expenses:</b>				
<b>Program services:</b>				
Family support	1,535,311	-	1,535,311	983,250
Council support	149,725	-	149,725	180,727
Advocacy and outreach	154,355	-	154,355	24,389
Fiscal sponsorship	-	-	-	2,827
<b>Total program services expenses</b>	<b>1,839,391</b>	<b>-</b>	<b>1,839,391</b>	<b>1,191,193</b>
<b>Supporting services:</b>				
General and administrative	69,819	-	69,819	67,961
Fundraising	5,829	-	5,829	1,592
<b>Total supporting services expenses</b>	<b>75,648</b>	<b>-</b>	<b>75,648</b>	<b>69,553</b>
<b>Total expenses</b>	<b>1,915,039</b>	<b>-</b>	<b>1,915,039</b>	<b>1,260,746</b>
<b>Changes in net assets</b>	<b>20,079</b>	<b>(334,587)</b>	<b>(314,508)</b>	<b>596,628</b>
<b>Net assets:</b>				
Beginning of year	267,514	654,383	921,897	325,269
End of year	\$ 287,593	\$ 319,796	\$ 607,389	\$ 921,897

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

**Children's Network of Solano County**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2022**

With Summarized Comparative Financial Information for the Year Ended June 30, 2021

	Program Services			Support Services		2022 Total	2021 Total
	Family Support	Council Support	Advocacy & Outreach	Management and General	Fundraising		
<b>Expenses:</b>							
Personnel expenses:							
Salaries and wages	\$ 167,499	\$ 97,214	\$ 22,484	\$ 25,688	\$ 796	\$ 313,681	\$ 270,821
Employee benefits	14,455	8,012	1,685	2,719	89	26,960	35,801
Payroll taxes	21,108	10,662	4,488	5,848	79	42,185	25,890
Subtotal personnel expenses	203,062	115,888	28,657	34,255	964	382,826	332,512
Accounting and audit	-	-	-	23,973	-	23,973	20,211
Advertising	320	1,036	-	-	-	1,356	180
Bank charges	-	-	-	15	48	63	118
Conferences and meetings	1,214	475	80	98	344	2,211	1,486
Consultants	19,803	7,553	-	-	-	27,356	7,000
Depreciation	-	-	-	2,034	-	2,034	1,347
Dues and subscriptions	300	1,000	-	265	-	1,565	174
Equipment maintenance	2,084	861	227	1,221	-	4,393	2,744
Information systems	4,897	2,749	523	690	1,430	10,289	7,125
Insurance	2,131	1,673	862	3,985	-	8,651	7,358
Occupancy	26,609	8,912	2,032	2,158	67	39,778	37,025
Office supplies	442	295	31	70	-	838	2,010
Other expenses	524	404	92	485	2,976	4,481	100
Partner agencies	612,556	-	90,191	-	-	702,747	418,098
Postage	426	217	37	55	-	735	415
Printing	1,725	588	420	-	-	2,733	1,662
Program expenses	615,827	-	11,150	-	-	626,977	408,021
Supplies	38,247	6,032	19,501	42	-	63,822	7,978
Telephone	3,894	1,876	401	448	-	6,619	4,682
Training	1,100	150	-	-	-	1,250	500
Travel	150	16	151	25	-	342	-
<b>Total expenses</b>	<b>\$ 1,535,311</b>	<b>\$ 149,725</b>	<b>\$ 154,355</b>	<b>\$ 69,819</b>	<b>\$ 5,829</b>	<b>\$ 1,915,039</b>	<b>\$ 1,260,746</b>

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

**Children's Network of Solano County**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2022**  
**With Comparative Financial Information for the Year Ended June 30, 2021**

	<u>2022</u>	<u>2021</u>
<b>Reconciliation of change in net assets to net cash provided by (used in) operating activities:</b>		
Change in net assets	\$ (314,508)	\$ 596,628
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,034	1,347
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable, net	181,069	(441,305)
Prepaid expenses	(4,345)	3,435
Deposits	-	100
Increase (decrease) in liabilities:		
Accounts payable	56,039	48,303
Accrued expenses	988	4,830
<b>Net cash provided by (used in) operating activities</b>	<u>(78,723)</u>	<u>213,338</u>
<b>Cash flows provided by (used in) investing activities:</b>		
Purchases of property and equipment	-	(4,491)
<b>Net cash provided by (used in) investing activities</b>	<u>-</u>	<u>(4,491)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(78,723)	208,847
<b>Cash and cash equivalents:</b>		
Beginning of year	390,801	181,954
End of year	<u>\$ 312,078</u>	<u>\$ 390,801</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

*This page intentionally left blank.*

**Children's Network of Solano County**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**With Summarized Comparative Financial Information for the Year Ended June 30, 2021**

---

**Note 1 – Nature of Operations**

Children's Network of Solano County, (the "Organization") was incorporated as a nonprofit corporation in 1982. The Organization facilitates partnerships among public and private agencies that serve Solano County families. The mission and vision are:

Mission: Improving the lives of children in Solano County through education, advocacy, coordination of community services and community-based collaborative groups.

Vision: The children of Solano County will reach adulthood having experienced a safe, healthy, and nurturing environment.

The Organization is primarily funded by contracts and grants with federal, state, and local government agencies.

Program Descriptions

There are four broad program areas where the Organization directs its resources and activities. They work to educate people in Solano County about the needs of children and to bring together those who can achieve the best outcomes for kids. The Organization conducts and disseminates research, offers training, administers grants, coordinates county agencies, advocates for policy changes at all levels of government, and works to improve the efficiency and effectiveness of county services for children.

**Family Support** – The Organization provides support to agencies that serve families and children in Solano County. This includes a network of family resource centers that offer comprehensive family support services in every city in Solano County, providing families with information and referrals, in-home services, parent education, and assistance with social and health emergency needs, and a financial literacy and coaching program to help families achieve financial stability.

**Council Support** – The Organization provides staff support to the Solano Child Abuse Prevention Council. This support includes convening meetings and events to discuss and identify children's needs in the County, seeking funding to meet those needs, and performing education and public awareness activities.

**Advocacy and Outreach** – The Organization actively increases parent advocacy in Solano County by delivering a parent leadership training program designed to empower parents and caregivers to be active in making the changes they want to see in their communities. In addition, the organization uses its extensive networks and relationships to perform outreach, education and advocacy on issues impacting the lives of families and children in Solano County.

**Fiscal Sponsorship** – The Organization provides assistance to local organizations that do not have a 501(c)(3) designation, but are helping local communities, families, and children to be successful, by providing them with the administrative infrastructure needed to raise and spend funds for their efforts. There were no expenses to this program service for the year ended June 30, 2022.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Accounting***

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") where revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Children's Network of Solano County**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**With Summarized Comparative Financial Information for the Year Ended June 30, 2021**

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Presentation***

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report 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.

***Comparative Financial Information***

The accompanying 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2021, from which the summarized information was derived.

***Cash and Cash Equivalents***

The Organization considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents.

***Property and Equipment***

Property and equipment are carried at cost, if purchased, or at estimated fair value on the date contributed, if donated, less accumulated depreciation. The Organization's policy is to provide for depreciation using the straight-line method over the estimated useful life of each type of asset ranging from 5 to 30 years.

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service. For the years ended June 30, 2022 and 2021, the Organization received no donated property or equipment.

Maintenance and repairs are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in other revenues (expenses) for the period.

***Net Assets***

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets without Donor Restrictions:* Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. From time-to-time, the Board of Directors may earmark net assets from this category.



**Children's Network of Solano County**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**With Summarized Comparative Financial Information for the Year Ended June 30, 2021**

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Net assets (Continued)***

- *Net Assets with Donor Restrictions:* Net assets subject to donor- (or certain grantor-) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

All contributions are considered available for general use, unless specifically restricted by donor or subject to other legal restrictions.

***Revenue and Revenue Recognition***

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and foundation contracts and grants, which are conditioned 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. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has received cost-reimbursable grants totaling \$651,447 and \$614,312 that have not been recognized as of June 30, 2022 and 2021, respectively, because qualifying expenditures have not yet been incurred. No amounts have been received in advance under the Organization's federal and state contracts and grants.

***In-kind Contributions***

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2022 and 2021, respectively.

**Children's Network of Solano County**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**With Summarized Comparative Financial Information for the Year Ended 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 detailed in the statement of functional expenses and are summarized on a functional basis in the statement of activities. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to both program and supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel and occupancy costs, among other expenses; which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined from time-to-time by management.

***Advertising Costs***

All advertising costs are expensed as incurred and totaled \$1,356 and \$180 for the years ended June 30, 2022 and 2021, respectively.

***Income Tax Status***

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California code sections. The Organization is considered a public charity and has been classified as an Organization that is not a private foundation under IRC Section 170(b)(1)(a)(vi).

Management has processes presently in place to ensure maintenance of the Organization's tax-exempt statuses; to identify and report unrelated business income; to determine the filing and tax obligations for which the Organization has nexus; and to identify and evaluate other matters that may be considered tax positions. Management has evaluated the tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements.

***Use of Estimates***

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could vary from those estimates under different assumptions or conditions.

***Financial Instruments and Credit Risk***

Deposit concentration risk is managed by placing cash and equivalents with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

**Children's Network of Solano County**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**With Summarized Comparative Financial Information for the Year Ended June 30, 2021**

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Reclassifications***

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation. Any reclassifications made have had no impact on previously reported net assets.

***Upcoming Financial Accounting Standards Implementation***

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases*. The new standard requires all leases with an initial term greater than one year to be recorded on the balance sheet as a lease asset and a lease liability. The standard is required to be adopted for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact of the new standard to the financial statements.

**Note 3 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2022 and 2021:

	2022	2021
Cash	\$ 312,078	\$ 390,801
Contributions receivable	403,482	513,857
Less those financial assets unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor for purpose restrictions	(319,796)	(654,383)
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 395,764</b>	<b>\$ 250,275</b>

The Organization tries to maintain a liquid cash balance in checking and money market accounts in an amount necessary to meet anticipated expenditures for at least the next 60 days. Cash in excess of this may be invested in short-term investments. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$100,000, which could be drawn upon if needed.

**Children's Network of Solano County**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**With Summarized Comparative Financial Information for the Year Ended June 30, 2021**

---

**Note 4 – Contributions Receivable**

Contributions receivable consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Unconditional promises to give	\$ 478,482	\$ 663,857
Less: unamortized discount	(2,184)	(6,490)
<b>Contributions receivable, net</b>	<b>\$ 476,298</b>	<b>\$ 657,367</b>
	2022	2021
Amounts due in:		
Less than one year	403,482	\$ 513,857
One to five years	75,000	150,000
<b>Total contributions receivable</b>	<b>\$ 478,482</b>	<b>\$ 663,857</b>

The discount rate applied is 3%.

**Note 5 – Property and Equipment**

Property and equipment consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Furniture and fixtures	\$ 22,743	\$ 22,743
Equipment	6,505	6,505
Total property and equipment	29,248	29,248
Less: accumulated depreciation	(25,072)	(23,038)
<b>Total property and equipment, net</b>	<b>\$ 4,176</b>	<b>\$ 6,210</b>

**Note 6 – Line of Credit**

The Organization has a \$100,000 revolving line of credit with a bank. Advances on the credit line are payable on demand. The line of credit is secured by chattel paper, accounts receivable, and equipment. The line of credit was most recently renewed on October 10, 2022. The Organization had no outstanding balance as of June 30, 2022 and 2021.

**Children's Network of Solano County**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**With Summarized Comparative Financial Information for the Year Ended June 30, 2021**

**Note 7 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Subject to expenditure for a specified purpose:		
Basic needs	\$ 29,338	\$ 345,000
Children's health	164,510	278,283
Children's programs	100,948	31,100
Software	25,000	-
<b>Total net assets with donor restrictions</b>	<b>\$ 319,796</b>	<b>\$ 654,383</b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Satisfaction of purpose restrictions:		
Basic needs	\$ 315,662	\$ 120,192
Children's health	113,773	22,919
Children's programs	32,652	65,250
Census	-	34,537
<b>Total net assets released from donor restrictions</b>	<b>\$ 462,087</b>	<b>\$ 242,898</b>

**Note 8 – Commitments and Contingencies**

The Organization leases office space under a non-cancellable operating lease agreement which expires in May 2026. The scheduled minimum lease payments under the lease terms are as follows:

Year Ending June 30,	Total due
2023	\$ 30,710
2024	24,700
2025	25,900
2026	24,750
<b>Total</b>	<b>\$ 106,060</b>

Rent expense for the above operating leases and other month to month commitments for the years ended June 30, 2022 and 2021 was \$39,753 and 33,313, respectively.

In addition, the Organization has been awarded certain grants and contracts and are subject to financial and compliance requirements of the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although management does not expect such amounts, if any, to materially affect the financial statements.

**Children's Network of Solano County**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**With Summarized Comparative Financial Information for the Year Ended June 30, 2021**

---

**Note 9 – Concentrations**

For the year ended June 30, 2022, approximately 53% of total revenue was provided by three funding sources. In addition, as of June 30, 2022, approximately 54% of contributions receivable was due from two funding sources.

For the year ended June 30, 2021, approximately 51% of total revenue was provided by two funding sources. In addition, as of June 30, 2021, approximately 84% of contributions receivable was due from two funding sources.

**Note 10 – Retirement Plan**

The Organization has established a benefit policy called Flex Comp under Internal Revenue Code Section 125, otherwise known as a Cafeteria Plan. The plan maintains a contributory retirement program which is available to employees and allows the participants to make tax deferred annuity contributions. The Organization makes matching contributions to the retirement plan of 1% of salary for participating employees. The total costs were \$2,250 and \$2,071 for the years ended June 30, 2022 and 2021, respectively.

**Note 11 - Subsequent Events**

The Organization has evaluated subsequent events through August 16, 2023, the date the financial statements are available to be issued, and is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.