COMMUNITY MATTERS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Matters
Santa Rosa, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Matters (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statement of activities and changes in net assets, 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 Community Matters as of June 30, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Community Matters and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Community Matters ability to continue as a going concern for one year after the date 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 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 Community Matters' 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 Community Matters' 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
September 19, 2024

COMMUNITY MATTERS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$	1,115,557
Accounts Receivable		127,695
Prepaid Expenses and Other Assets		15,872
Total Current Assets		1,259,124
PROPERTY AND EQUIPMENT, NET		1,061
OPERATING RIGHT-OF-USE ASSETS		36,665
Total Assets	$	1,296,850
CURRENT LIABILITIES		
Accounts Payable	$	12,795
Accrued Expenses and Other Liabilities		122,192
Lease Liabilities, Current Portion - Operating		19,014
Total Current Liabilities		154,001
LONG TERM LIABILITIES		
Lease Liabilities, Noncurrent Portion - Operating		18,137
Total Long Term Liabilities		18,137
Total Liabilities		172,138
NET ASSETS - WITHOUT DONOR RESTRICTION		1,124,712
Total Liabilities and Net Assets	$	1,296,850

See accompanying Notes to Financial Statements.

COMMUNITY MATTERS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2024

REVENUE, SUPPORT, AND GAINS	
Contributions	$ 63,002
Grants	1,058,167
Program Service Revenue, Net of Discounts of $56,392	1,295,308
Contributions of Nonfinancial Assets	4,301
Special Events, Net of Expenses of $10,608	81,315
Interest Income	1,727
Total Revenue	2,503,820
EXPENSES	
Program Services	1,593,478
Management and General	302,453
Fundraising	122,706
Total Expenses	2,018,637
TOTAL CHANGES IN NET ASSETS	485,183
Net Assets - Beginning of Year	639,529
NET ASSETS - END OF YEAR	$ 1,124,712

See accompanying Notes to Financial Statements.

COMMUNITY MATTERS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Total
Payroll and Related Benefits	$ 738,910	$ 194,935	$ 110,174	$ 1,044,019
Contract Expenses	456,906	49,753	580	507,239
Program Expenses	319,773	859	-	320,632
Facility Expenses	29,782	6,216	3,971	39,969
Program Fee Discounts	56,392	-	-	56,392
Non-personnel Expenses	25,821	19,506	2,724	48,051
Travel and Confernces	15,571	568	74	16,213
Other Expenses	6,715	30,598	882	38,195
Special Event Costs	-	-	10,608	10,608
In-Kind Expenses	-	-	4,301	4,301
Depreciation	-	18	-	18
Total Expenses by Function	1,649,870	302,453	133,314	2,085,637
Less: Expenses Included with Revenue on the Statement of Activities - Cost of Direct Benefit to Donors & Discounts	(56,392)	-	(10,608)	(67,000)
Total Expenses Included in the Expense Section on the Statement of Activities	$ 1,593,478	$ 302,453	$ 122,706	$ 2,018,637

See accompanying Notes to Financial Statements.

COMMUNITY MATTERS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 485,183
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation	18
Noncash Lease Expense	(2,040)
Changes in Operating Assets and Liabilities:	
Accounts Receivable	13,477
Prepaid Expenses and Deposits	(6,525)
Accounts Payable	1,739
Accrued Expenses	33,031
Deferred Revenue	(6,600)
Net Cash Provided by Operating Activities	518,283
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash Paid for Property and Equipment	(1,079)
Net Cash Used by Investing Activities	(1,079)
NET CHANGE IN CASH AND CASH EQUIVALENTS	517,204
Cash and Cash Equivalents - Beginning of Year	598,353
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,115,557
SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES	
Operating Right-of-Use Asset Obtained in Exchange for Operating Lease Liability	$ 22,720

See accompanying Notes to Financial Statements.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Community Matters (the Organization) is presented to assist in the understanding of the Organization's financial statements. The policies reflect industry practices and confirm to accounting principles generally accepted in the United States of America (U.S. GAAP).

Organization

Community Matters is a nonprofit organization incorporated in the State of California in 1997. The Organization is an internationally recognized innovative and thought-leading organization committed to improving the social-emotional climate of our nation's schools and communities. The Organization has evolved from its earliest focus on youth development and bullying prevention to become a widely respected consulting, training and presenting organization. The Organization provides programs and services for educational, youth-serving and governmental entities through the Whole School Climate Framework. The principle programs of the Organization are as follows:

Safe School Ambassadors

Safe School Ambassadors Program is a highly effective program that equips 4-12th grade socially influential students with skills they can use with their peers to prevent and stop bullying, violence, harassment and other forms of mistreatment.

Restorative Practices

Restorative Practices is a whole school approach that focuses on encouraging healthy relationships, repairing harm, and reducing discipline issues. Restorative Practices help staff members build stronger connections to students and each other, helps students create social norms based on empathy and understanding, and helps all stakeholders to build trust and restore community.

Additional Community Matters programs include the following:

- Safe School Buddies (grades 1-3)
- Introduction to Tapping for Students / Educators
- Waking Up Courage assemblies
- Alcohol Tobacco and Other Drug (ATOD) Peer to Peer Prevention
- Empowering Student Athletes as Leaders
- Voice Up! Setting Healthy Boundaries for Sexual Abuse & Misconduct Prevention
- LGBTQ+ Youth Ally Training
- Professional Development trainings
- Parent & Community Education
- Keynotes and Presentations
- Consulting

Basis of Accounting

The Organization prepares its financial statements using the accrual method of accounting, which recognizes revenue when earned and expenses as incurred.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The Organization follows the recommendations of the Financial Accounting Standards Board (FASB). The FASB establishes standards for financial reporting by nonprofit organizations and requires that resources be classified for accounting and reporting purposes into two net assets categories according to externally imposed restrictions. A description of the two net asset categories are as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purposes have been fulfilled or the stipulated time period has elapsed), except for those restrictions met in the same year as received, are reported as revenues of net assets without donor restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Credit Losses

The Organization carries accounts receivable at the face amount less a reserve for estimated credit losses. As of June 30, 2023, and under previously acceptable GAAP, the Organization recorded an allowance for doubtful accounts of $-0-. Going forward under ASC 326, the Organization estimated its reserve for credit losses using relevant available information from internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. As of June 30, 2024 the estimated reserve for credit losses was determined to be $-0-.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Organization records property and equipment at cost or at the estimated fair value at the date of gift, if donated. Such gifts are reported as unrestricted unless specific donor stipulations specify how the donated assets must be used. The Organization's policy is to capitalize all assets with an estimated useful life of more than one year and a cost of $2,000 or more, and computers. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis, currently 5 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Computers	5 Years

Leases

The Organization leases office space in Santa Rosa, California and two office copiers. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating right-of-use assets, lease liabilities, current portion - operating and lease liabilities, noncurrent portion - operating on the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The Organization lease agreements do not contain any material residual value guarantees or material restrictive covenants.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions are considered to be without donor restrictions unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as in increase in net assets with donor restrictions. When the restriction expires (that is when a stipulated time restriction ends or purpose restriction accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities and changes in net assets as net assets released from restriction.

Revenue and Revenue Recognition

The financial statements of the Organization have been prepared on the accrual basis of accounting, wherein revenue is recognized when earned and expenses are recognized when the related liability is incurred. The Organization does not have net assets with donor restrictions under accounting for nonprofit organizations. Lastly, no contract assets are noted in relation to any revenue streams noted below.

Grant and Contract Revenue

For grants and contracts where the Organization has the right to consideration from the customer or grantor in an amount that corresponds directly with the value received by the customer or client based on our performance to date, revenue is recognized when services are performed and contractually billable. For all other types of grants and contracts, revenue is recognized over time, as performance obligations are satisfied and related reimbursable expenses are incurred, in accordance with the terms of applicable grant awards or contracts. Contract costs include all direct costs and an allocation of indirect costs related to contract performance.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

Grant and Contract Revenue (Continued)

Under the typical payment terms of the Organization contracts, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly, quarterly, or annually), upon achievement of contractual milestones, or when services are provided. From time to time, the Organization may require the customer or grantor to make advance payments as well as interim payments as work progresses. The advance payment generally is not considered a significant financing component as the Organization expects to recognize those amounts in revenue within a year of receipt as work progresses on the related performance obligation. The Organization has conditional grants in the amount of $750,000 that have not been recognized as of June 30, 2024 because qualifying expenditures have not yet been incurred, with advance payments of $0.

Program Service Revenues

Revenues from program services are recognized over the terms of the program and the period of service provided. Program service revenues is presented net of program fee discounts in the statement of activities and changes in net assets.

Special Events

Special events consist of charitable contributions, ticket sales, and sponsorship from multiple events. Special events revenue is presented net of direct expenses on the statement of activities and changes in net assets.

Contributed Nonfinancial Assets

In-kind contributions are recognized as public support and as a corresponding asset or expense at the estimated fair value on the date donated. Such donations are not recognized if there is an uncertainty about the existence of value or stipulations about ownership of assets. Donated services are not recognized in the financial statements unless the services either create or enhance a nonfinancial asset or are specialized skills that would be purchased if they were not donated. A number of volunteers have donated significant amounts of their time to the Organization’s administrative and program services during the year, however, these donated services are not reflected in the financial statements since these services are not professional in nature, and, as such, do not meet the criteria for recognition as contributed services.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets (Continued)

For the year ended June 30, 2024, contributed nonfinancial assets recognized within the statement of activities and changes in net assets included:

Nonfinancial Contributions Category	Type of Contributions for Beneficiaries	Valuation	Donor Restriction	Amount
Miscellaneous Items	Auction Donations & Gift Card/Certificates	Fair market value on basis of U.S. wholesale prices for identical or similar products. Gift Cards valued at FMV.	No Donor Restriction	$ 4,301
			Total	$ 4,301

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, and depreciation which are allocated on the basis of time and effort or square footage as appropriate.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is organized as a California nonprofit corporation and have been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Concentrations

Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risks consist primarily of cash. Cash balances may exceed Federal Deposit Insurance Corporation insurable limits. Management believes that the Organization is not exposed to any significant credit risk related to cash and cash equivalents.

Receivables

The Organization has two customers represent approximately 88% of total accounts receivable at June 30, 2024.

Grants

The Organization has three grantors represent approximately 86% of total grant revenue for the year ended June 30, 2024.

Program Service Fees

The Organization has two contracts represent approximately 49% of total program service fee revenue for the year ended June 30, 2024.

Subsequent Events

The Organization has evaluated subsequent events through September 19, 2024, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in mutual funds, equities, and fixed income securities.

The following table reflects the Organization's financial assets as of June 30, 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year may also include net assets with donor restrictions. There were no net assets with donor restrictions at June 30, 2024.

Financial Assets at Year-End:	
Cash and Cash Equivalents	$ 1,115,557
Accounts Receivable	127,695
Total Financial Assets	1,243,252
Less: Amounts Not Available to be Used Within One Year	-
Financial Assets Available To Meet Cash Needs For General Expenditures within One Year	$ 1,243,252

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2024:

Computer Equipment	$ 1,079
Less: Accumulated Depreciation	18
Property and Equipment, Net	$ 1,061

Depreciation expense, included in expenses, amounted to $18 for the years ended June 30, 2024.

NOTE 4 LEASES

Operating Leases

The Organization leases office space under an operating lease in Santa Rosa, California that expires November 30, 2024. The Organization leases two office copiers with expirations through July 29, 2029. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

NOTE 4 LEASES (CONTINUED)

Operating Leases (Continued)

The following table provides quantitative information concerning the Organization's leases for the year ended June 30, 2024.

Lease Cost:		
Operating Lease Cost	$	41,666
Short-Term Lease Cost		2,196
Variable Lease Cost		6,802
Total Lease Cost	$	50,664
Other Information:		
Operating Cash Flows from Operating Leases	$	42,268
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	$	22,720
Weighted-Average Remaining Lease Term - Operating Leases		3.1 Years
Weighted-Average Discount Rate - Operating Leases		3.18%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

Year Ending December 31,		Operating
2025	$	19,957
2026		4,866
2027		4,866
2028		4,865
2029		4,865
Thereafter		405
Total Lease Payments		39,824
Less: Interest		(2,673)
Present Value of Lease Liabilities	$	37,151

Short Term Leases

The Organization leases a storage space in Santa Rosa, California under a month-to-month lease agreement.

The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes the lease payments in profit and loss on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred.

NOTE 5 EMPLOYEE BENEFITS

The Organization offers employee participation in a plan qualified under a Section 403(b) of the Internal Revenue Code. The plan covers all eligible employees of the Organization. Employees can make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization does not make matching contributions to the plan.