



Supporting children and families
in Goleta and Isla Vista

**Financial Statements
For the Year Ended
June 30, 2022**



ISLA VISTA YOUTH PROJECTS, INC.
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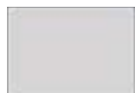
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VASIN, HEYN & COMPANY

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AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Isla Vista Youth Projects, Inc. (IVYP)
(A California Non-Profit Corporation)
Goleta, California

Opinion

We have audited the accompanying financial statements of Isla Vista Youth Projects, Inc. (A California Non-Profit Corporation), 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 Isla Vista Youth Projects, Inc. as of June 30, 2022, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Isla Vista Youth Projects, Inc. 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 Isla Vista Youth Projects, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 Isla Vista Youth Projects, Inc.'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 Isla Vista Youth Projects, Inc.'s ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We previously audited Isla Vista Youth Projects, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2021. 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.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Isla Vista Youth Projects, Inc.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Management Discussion and Analysis is presented for purposes of additional analysis and are not a required part of the basic financial statements. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Vorwin, Hays + Co.

Calabasas, California
September 23, 2022

ISLA VISTA YOUTH PROJECTS, INC.
MANAGEMENT DISCUSSION & ANALYSIS
For the Year Ended June 30, 2022

Purpose

The purpose of this Management's Discussion & Analysis is to introduce our financial statements and to provide an overview of our program service accomplishments and community impact.

Mission

Isla Vista Youth Projects' (IVYP's) mission is to strengthen our community through diverse educational, recreational and social programs for children and families regardless of income.

Guiding Principle

By building a resilient and connected community, IVYP seeks to mitigate the effects of poverty, racism, and trauma so that all children and families can prosper and thrive.

Children's Center

When children are cared for in a safe, stimulating and high-quality environment, they grow up to be lifelong learners and caregivers who are able to work or go to school in order to provide for their families. IVYP's two Children's Center sites serve both state-certified and private pay students with trauma-informed programs designed to facilitate cognitive, emotional, physical, social and creative growth to children in a language-rich environment that supports the ethnic and cultural diversity of the children. IVYP's Children's Center supported families with in-person learning throughout the 2021-2022 fiscal year. Due to limited staffing, capacity for in person care was limited. IVYP operated at approximately 75% capacity. The 2021-2022 school year was marked by waves of COVID infections. Students, parents and employees, missed school in January. IVYP remains committed to providing high-quality, trauma-informed care and education for our most vulnerable children. We are proud of the nurturing environment we provide while doing our best to keep our community healthy.

School Aged Enrichment

Children build resilience when they have access to enriched social, educational and recreational opportunities. In Fiscal Year 2021-2022, partnered with GUSD to supplement their expanded learning program at Isla Vista Elementary School, El Camino Elementary School, and La Patera Elementary School. IVYP provided a site-based family advocate to build nurturing relationships with the children in the expanded learning program as well as their families. Our advocate used mindfulness conversation starters to help students struggling with social isolation. One on one outreach to parents led to families receiving the services they needed. During the 2021-2022 school year, IVYP provided 607 referrals for families, initiated 873 interactions with caregivers and conducted more than 200 mindfulness conversations with students.

ISLA VISTA YOUTH PROJECTS, INC.
MANAGEMENT DISCUSSION & ANALYSIS
For the Year Ended June 30, 2022

Family Resource Center

IVYP's Family Resource Center mitigates the effects of poverty, racism, and trauma by strengthening families. Families become resilient through relationships with community organizations and with one another. IVYP's Family Resource Center provides parent education classes, case management, monthly food distributions, an emergency personal care and food pantry on site, clothing distributions, home visitation, and enrollment services for CalFresh, Medi-Cal, WIC and other resources community engagement events. IVYP's FRC services exploded in FY 2021-2022. This year, IVYP provided 17,392 services to 2,561 individuals. Our diaper bank provided more than 65,000 diapers. In partnership with SB County Public Health, the FRC hosted several vaccine clinics putting more than 2,000 shots in the arms of children and adults.

Community Leadership

IVYP envisions a community where children are loved, valued and respected and families are engaged to reach their highest potential. In FY 21-22, IVYP continued its leadership of the Goleta Valley Community Partnership Network. By convening community stakeholders regularly, IVYP ensured that children's' and families' needs were met in a timely way.

ISLA VISTA YOUTH PROJECTS, INC.
STATEMENT OF FINANCIAL POSITION
For the Year Ended June 30, 2022
(with comparative totals for 2021)

	ASSETS	2022	2021
ASSETS			
Cash and Cash Equivalents		\$ 1,288,087	\$ 922,630
Contracts and Grants Receivables (Note 3)		134,125	202,796
Prepaid Expenses		18,621	20,143
Property and Equipment, Net (Note 4)		1,383,746	1,305,201
Total Assets		<u>\$ 2,824,579</u>	<u>\$ 2,450,770</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses		\$ 34,156	\$ 76,528
Accrued Payroll and Related Liabilities		205,165	90,450
Accrued Vacation and Sick Leave (Note 5)		80,059	75,053
Mortgage Payable (Note 8)		-	297,354
Government Funded Assets		11,704	12,351
Center-Based Contracts Reserve (Note 6)		162,419	162,176
Total Liabilities		<u>493,503</u>	<u>713,912</u>
NET ASSETS			
Without Donor Restriction:			
Undesignated		901,330	388,297
Invested in Property and Equipment, Net		1,383,746	1,305,201
Total Net Assets Without Donor Restrictions		<u>2,285,076</u>	<u>1,693,498</u>
With Donor Restrictions:			
Purpose Restrictions (Note 9)		46,000	43,360
Total Net Assets With Donor Restrictions		<u>46,000</u>	<u>43,360</u>
Total Net Assets		<u>2,331,076</u>	<u>1,736,858</u>
Total Liabilities and Net Assets		<u>\$ 2,824,579</u>	<u>\$ 2,450,770</u>

ISLA VISTA YOUTH PROJECTS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022
(with Comparative Totals for 2021)

	2022			2021
	Without Donor Restriction	With Donor Restriction	Total	Total
OPERATING				
PUBLIC SUPPORT				
Special Events, Gross	\$ 61,231	\$ -	\$ 61,231	\$ 48,178
Less: Direct Costs	-	-	-	-
Special Events, Net	61,231	-	61,231	48,178
Contributions and Grants	695,292	46,000	741,292	574,266
Loan Forgiveness (Note 8)	297,354	-	297,354	359,892
Total Public Support	1,053,877	46,000	1,099,877	982,336
REVENUE				
Governmental service contracts	2,718,497	-	2,718,497	3,251,341
CACFP food program revenue	94,412	-	94,412	41,536
Parent fees	29,260	-	29,260	17,365
Other income	10,732	-	10,732	4,839
Interest income	425	-	425	162
Contract settlements	-	-	-	50,038
Total Public Support and Revenue	3,907,203	46,000	3,953,203	4,347,617
Net Assets Released from Restriction	43,360	(43,360)	-	-
EXPENSES				
PROGRAM SERVICES	2,948,314	-	2,948,314	3,204,416
SUPPORTING SERVICES				
Management and General	263,443	-	263,443	278,404
Fundraising	147,228	-	147,228	120,036
Total Supporting Services	410,671	-	410,671	398,440
Total Operating Expenses	3,358,985	-	3,358,985	3,602,856
Change in Net Assets	591,578	2,640	594,218	744,761
Net Assets, Beginning of Year	1,693,498	43,360	1,736,858	992,097
Net Assets, End of Year	<u>\$ 2,285,076</u>	<u>\$ 46,000</u>	<u>\$ 2,331,076</u>	<u>\$ 1,736,858</u>

See accompanying notes.

ISLA VISTA YOUTH PROJECTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022
(with Comparative Totals for 2021)

	Program Services				Support Services		Total Expenses	Total Expenses
	Children's Center	School Aged Programming	Family Resource Center	Total Program Services	Management and General	Fundraising	2022	2021
Salaries and Related Expenses								
Salaries and Wages	\$ 1,444,493	\$ 79,772	\$ 169,335	\$1,693,600	\$ 55,476	\$ 110,142	\$ 1,859,218	\$2,149,219
Payroll Taxes	89,638	5,422	11,958	107,018	18,995	7,968	133,981	118,582
Employee Benefits	364,920	9,171	20,441	394,532	13,516	10,684	418,732	469,538
Total Salaries and Related Expenses	1,899,051	94,365	201,734	2,195,150	87,987	128,794	2,411,931	2,737,339
Operating Expenses								
Accounting	-	-	-	-	90,686	-	90,686	73,684
Advertising	1,672	-	-	1,672	13,228	2,280	17,180	8,619
Conferences, conventions and meetings	5,345	-	-	5,345	1,417	180	6,942	5,326
Fees for services	-	-	-	-	34,839	-	34,839	86,703
Information technology	22,920	-	3,130	26,050	3,790	-	29,840	47,772
Insurance	17,547	-	-	17,547	-	-	17,547	19,473
Interest expense	-	-	-	-	-	-	-	-
Legal	1,298	-	-	1,298	-	-	1,298	-
Miscellaneous fundraising expenses	432	-	-	432	-	13,026	13,458	12,346
Occupancy	78,903	-	22,699	101,602	17,139	-	118,741	195,484
Office expenses	76,005	2,148	12,090	90,243	2,486	1,791	94,520	65,933
Program supplies	391,330	1,449	16,878	409,657	991	20	410,668	273,887
Other expenses	46,190	599	1,158	47,947	9,717	1,119	58,783	39,540
Start-up expenses	-	-	-	-	-	-	-	-
Travel	7,298	66	549	7,913	516	18	8,447	763
Total Operating Expenses	2,547,991	98,627	258,238	2,904,856	262,796	147,228	3,314,880	3,566,869
Nonoperating Expenses								
Depreciation	43,458	-	-	43,458	647	-	44,105	35,987
Total Nonoperating Expenses	43,458	-	-	43,458	647	-	44,105	35,987
Total Functional Expenses 2022	<u>\$ 2,591,449</u>	<u>\$ 98,627</u>	<u>\$ 258,238</u>	<u>\$2,948,314</u>	<u>\$ 263,443</u>	<u>\$ 147,228</u>	<u>\$ 3,358,985</u>	
Total Functional Expenses 2021	<u>\$ 2,554,772</u>	<u>\$ 343,475</u>	<u>\$ 306,169</u>	<u>\$3,204,416</u>	<u>\$ 278,404</u>	<u>\$ 120,036</u>		<u>\$3,602,856</u>

See accompanying notes.

ISLA VISTA YOUTH PROJECTS, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2022

(with Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 594,218	\$ 744,761
Adjustments to reconcile increase in Net Assets to Cash Provided by (Used by) operating activities:		
Depreciation	44,105	35,987
Loan Forgiveness	(297,354)	(359,892)
Reclassified of deferred revenue to net assets with donor restriction	-	(43,360)
(Increase) decrease in:		
Contracts and grants receivable	68,671	(159,633)
Accounts receivable	-	14
Prepaid expenses	1,522	(6,207)
Increase (decrease) in:		
Accounts payable and accrued expenses	(42,372)	60,625
Accrued payroll and related liabilities	114,715	6,559
Accrued vacation and sick leave	5,006	39,559
Deferred revenue	-	(45,348)
Government funded assets	(647)	(646)
Center-Based Contracts reserve	243	71,050
Net Cash Provided (Used) by Operating Activities	<u>488,107</u>	<u>343,469</u>
Cash Flows from Investing Activities		
Purchase of Fixed Assets	<u>(122,650)</u>	<u>(126,022)</u>
Net Cash Provided (Used) by Investing Activities	<u>(122,650)</u>	<u>(126,022)</u>
Net Increase in Cash and Cash Equivalents	365,457	217,447
Cash and Cash Equivalents at Beginning of Year	922,630	705,183
Cash and Cash Equivalents at End of Year	<u>\$ 1,288,087</u>	<u>\$ 922,630</u>
Non-Cash Supplemental Disclosure:		
Forgiveness of Loan (Note 7)	<u>\$ (297,354)</u>	<u>\$ (359,892)</u>

ISLA VISTA YOUTH PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1. ORGANIZATION

General:

Isla Vista Youth Projects was born out of the chaos of the early 1970s in Isla Vista. In the wake of riots and the burning of the Bank of America, the children and families who lived in Isla Vista needed support, strength and resilience. By creating a community that valued children, that enabled families to work and access the social services and support they needed, Isla Vista Youth Projects sowed the seeds for a resilient, creative and thriving community. Over the years, its work has expanded to serve children and families across the Goleta Valley. The organization's purpose remains the same. IVYP exists not only to provide direct services to families in need, but also to convene community members and stakeholders for the benefit of all. Together we can mitigate the negative effects of poverty, racism and trauma to support resilient children, families and community.

Major Programs:

Isla Vista Children's Center, the state-licensed component of the Isla Vista Youth Projects, provides full day, year-round early care and education and nutrition services for children between the ages of 3 months to 6-years, including children with special needs.

School Age Enrichment Program supports GUSD expanded learning students and families with social-emotional support as well as access to concrete services.

Family Resource Center mitigates the effects of poverty, racism, and trauma, by providing strength-based supports to families. Using the protective factors framework, the FRC provides concrete support including food, diapers, and toiletries; and supports clients in applying for housing and other social services. The FRC improves parent/caregiver efficacy by offering parenting and grandparenting classes twice yearly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

IVYP prepares its financial statements in accordance with GAAP. The significant accounting and reporting policies are described below to enhance the usefulness and understandability of the financial statements.

ISLA VISTA YOUTH PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets:

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

- Net assets without donor restrictions. Net assets available for use in general operations and not subject to donor restrictions are reported as net assets without donor restrictions.
- Net assets with donor 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 funds are required to be maintained in perpetuity.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents:

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Contracts, Grants and Accounts Receivables:

Receivables consist of contracts, grants, employee advances and accounts receivables and are stated at the amount management expects to collect from outstanding balances. Receivables are primarily unsecured amounts due on cost reimbursement or performance contracts. Any amount that is denied for reimbursement is written off when IVYP receives notification from the grantor agency. IVYP uses the allowance method of accounting for receivables determined to be potentially uncollectable. In management's opinion, all contracts and accounts receivable were collectible at year-end. No allowance for doubtful accounts for contracts and accounts receivable is considered necessary at June 30, 2022.

Prepaid Expenses:

Prepaid insurance, deposits and other costs are expensed ratably over their respective terms of agreement.

ISLA VISTA YOUTH PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net:

Land, buildings, property, and equipment are reported in the Statement of Financial Position at cost, if purchased, and at fair value at the date of donation, if donated. All land, buildings, and property are capitalized. Equipment is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Automobiles	5 years
Buildings	25 years
Equipment	5-7 years
Furniture and Fixtures	5-10 years
Leasehold Improvements	7 - 10 years, or remaining lease term, if shorter
Portable Classrooms	25 years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Government funded assets are recorded as an asset and an offsetting liability. The related assets are depreciated over their estimated useful lives and a corresponding amount reduces the related liability each year and is recognized as revenue.

Accounting for Contributions:

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

ISLA VISTA YOUTH PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Goods and Services:

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

IVYP benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the organization's program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. During the year ended IVYP did not receive any in-kind contributions.

Government Revenue:

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Uniform Guidance and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, IVYP's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of IVYP.

Revenue Recognition:

Revenues from government agencies, program service fees, and other third-party payors for services provided under such contracts are recognized when earned by IVYP. All gifts, bequests, and other public support are included in unrestricted net assets unless specifically restricted by the donor or the terms of the gift or grant instrument. Amounts received in excess of balances earned are recognized as liabilities in Contract Advance.

Income Taxes:

IVYP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi). IVYP has adopted

Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to

ISLA VISTA YOUTH PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2022, IVYP had no material unrecognized tax benefits, tax penalties or interest.

IVYP's Forms 990, Return of Organization Exempt from Income Tax, for each of the tax years ended June 30, 2021, 2020, and 2019, are subject to examination by the IRS, generally for 3 years after they were filed. IVYP's Forms 199, California Exempt Organization Return, for each of the tax years ended June 30, 2021, 2020, 2019, and 2018, are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed.

Fundraising Expense Recognition and Allocation:

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. IVYP generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Total fundraising costs for the year ended June 30, 2022 were \$147,227. Additionally, advertising costs are expensed as incurred; such amounts were insignificant at year end and totaled \$17,180.

Administrative and other costs are allocated to operating programs based upon employees' time spent on various tasks, and other statistical analyses (such as meals served or child days of enrollment) prepared by management.

IVYP allocates its costs based on relative benefits received by the programs or activities. Accordingly, IVYP applies several methods for allocating costs:

Direct Costs - Costs identified 100 percent to a specific project are charged directly to that project.

Shared Costs – Costs identified to specific multiple programs or activities are shared between the programs benefitting.

Payroll costs are allocated using individual timesheets that report the actual time spent by the employees in each program each day.

ISLA VISTA YOUTH PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rent and associated utilities, maintenance, and insurance are allocated using the square footage of building space occupied by each program, according to floor plans and/or room measurements.

Indirect Costs – Costs that benefit the operations of the entire organization, which cannot be identified to specific programs or activities, are allocated based on relative direct payroll costs.

Reclassifications:

Certain amounts in the 2021 comparative totals have been reclassified to conform with the 2022 reporting format.

Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, IVYP's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. IVYP's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Comparative Totals:

The financial statements include certain prior year summarized comparative information. 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 IVYP's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Fair Value Measurements:

IVYP reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

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

When available, IVYP measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments.

3. CONTRACTS AND GRANTS RECEIVABLE

In management's opinion, all contracts and grants receivable were collectible at year-end. No allowance for doubtful accounts for contracts and accounts receivable is considered necessary at June 30, 2022.

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NOTES TO FINANCIAL STATEMENTS
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4. PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2022 consists of the following:

	Cost	Accumulated Depreciation	Net
Automobiles	\$ 28,877	\$ (28,877)	\$ -
Building	440,352	(142,531)	297,821
Equipment	70,899	(50,408)	20,491
Furniture and Fixtures	91,033	(91,033)	-
Land	838,134	-	838,134
Leasehold Improvements	386,396	(201,989)	184,407
Portable Classrooms	265,049	(222,156)	42,893
TOTAL	<u>\$ 2,120,740</u>	<u>\$ (736,994)</u>	<u>\$ 1,383,746</u>

Total depreciation expense charged to operations was \$44,105 for the year ended June 30, 2022.

5. ACCRUED VACATION AND SICK LEAVE

Regular full-time and part-time employees that work more than four hours a day earn vacation time. Vacation time is pro-rated based on scheduled daily hours and years of continuous employment based upon the following schedule:

<u>Years of Continuous Employed</u>	<u>Number of Days Earned per Month</u>
Years 1 to 5	1 day / month
Years 6 to 10	1.25 days / month
Years 11 to 15	1.67 days / month
Years 15+	2 days / month

Total accrued vacation and accumulated sick leave benefits payable at June 30, 2022 was \$80,059.

6. CENTER-BASED CONTRACTS RESERVE

Child development contractors are allowed, with prior CDE and/or CDSS approval, to maintain a reserve account from earned but unexpended child development contract funds for three types of programs: Center Based, Resource and Referral, and Alternative Payment. Transfers from a reserve account are considered restricted income for child development programs but may be applied to any of the contracts that are eligible to contribute to that particular program type.

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NOTES TO FINANCIAL STATEMENTS
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6. CENTER-BASED CONTRACTS RESERVE (CONTINUED)

IVYP maintains a reserve account for Center-Based contracts, and funds are deposited into an interest-bearing account. The reserve account balance at June 30, 2022 was \$162,419, which is recorded as an asset in the cash account. Also, upon termination of all child development center-based contracts, Example Entity would have to return the reserve funds to CDE and/or CDSS, so the reserve account is recorded as a liability in the amount of \$162,419.

The reserve account balance of \$162,419 includes interest of \$243 that the bank paid on the account balances during the year ended June 30, 2022.

7. RETIREMENT PLAN

IVYP maintains a contributory retirement plan available to eligible employees which allows participants to make tax deferred investment contributions. Full-time employees are eligible to participate immediately on hire. The plan qualifies under 403(b). During the year ended June 30, 2022 IVYP contributed \$157,397 to the plan.

8. LOAN FORGIVENESS

On April 4, 2022 IVYP entered into a mortgage payable with the County of Santa Barbara, secured by Phelps Road property, with principal and interest at 0% due in monthly installments of approximately \$0 and maturing on April 4, 2022. The mortgage payable was forgiven by the County of Santa Barbara during the year ended June 30, 2022.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are part of the net assets of IVYP resulting from contributions and other inflows of assets whose use by IVYP is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of IVP pursuant to those stipulations.

Net assets with donor restrictions at June 30, 2022 comprised of:

	Balance at June 30, 2021	Income	Expenditures	Balance at June 30, 2022
COVID-19 Grant	\$ 10,000	\$ -	\$ (10,000)	\$ -
Alice Tweed Touhy Grant	-	22,000	-	22,000
Daniel Scholarship Grant	33,360	24,000	(33,360)	24,000
TOTAL	<u>\$ 43,360</u>	<u>\$ 46,000</u>	<u>\$ (43,360)</u>	<u>\$ 46,000</u>

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10. CONTINGENCIES

Contracts and Grants:

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. IVYP deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. IVYP's management is of the opinion that the organization has complied with the terms of all grants.

COVID-19:

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time.

11. OPERATING LEASE COMMITMENT

IVYP leases a copier machine and the lease expires March 31, 2023. Total equipment rental expenses for the year ended June 30, 2022 were \$342. Minimum lease commitments over the next five years are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2023	\$ 400
2024	400
2025	-
TOTAL	<u>\$ 800</u>

12. NUTRITION PROGRAM

IVYP has a nutrition agreement with CDE for Child and Adult Care Food Programs, as reported in the Schedule of Expenditures of Federal and State Awards. However, no nutrition audit report schedules are included in the audit because:

- (1) the audit disclosed no nutrition overpayments, underpayments, or program findings;
- (2) the contractor did not request reimbursement of audit costs; and
- (3) the audit is not a program specific nutrition audit.

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13. CONCENTRATION RISK

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. IVYP deposits its cash with high quality financial institutions, and management believes the organization is not exposed to significant credit risk on those amounts.

During the year ended June 30, 2022, IVYP had two major revenue funding sources, the California Departments of Education and Social Services, which accounted for approximately 68% of the total revenue of IVYP. The majority of IVYP's contributions and grants are received from corporations, foundations, and individuals and from agencies located throughout the state of California.

As such, IVYP's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for IVYP's services.

14. LIQUIDITY AND FUNDS AVAILABILITY

The total financial assets held by IVYP at June 30, 2022 and the amount of those financial assets that could be made available for general expenditure within one year of the date of the statement of financial position are summarized in the following table:

	<u>June 30, 2022</u>
Financial assets:	
Cash and cash equivalents	\$ 1,288,087
Contracts and grants receivable	<u>134,125</u>
Total financial assets	1,422,212
Less: With donor restrictions	<u>(46,000)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 1,376,212</u>

IVYP receives significant contributions that are restricted by donors. Contributions that are restricted for programs which are ongoing, major, and central to its annual operations are considered by IVYP to be available to meet cash needs for general expenditures.

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14. LIQUIDITY AND FUNDS AVAILABILITY (CONTINUED)

IVYP manages its liquidity and reserves following three guiding principles:

- (1) Operating within a prudent range of financial soundness and stability,
- (2) maintaining adequate liquid assets to fund near-term operating needs, and
- (3) maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

IVYP has a liquidity policy to maintain its working capital (current assets - current liabilities) at a minimum of 60 days of average operating expenses and has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets at 30 to 60 days of expected average expenditures for the next fiscal year.

To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually. During the year ended June 30, 2022 the level of liquidity and reserves was managed within the policy requirements.

15. SUBSEQUENT EVENTS

IVYP has evaluated events subsequent to June 30, 2022 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 23, 2022, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.