

**THERE WITH CARE OF THE
BAY AREA**

(A California Nonprofit Public Benefit Corporation)

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2022**

THERE WITH CARE OF THE BAY AREA
(A California Nonprofit Public Benefit Corporation)
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
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To the Board of Directors
There With Care of the Bay Area
San Francisco, California

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of There With Care of the Bay Area, a California nonprofit public benefit corporation, which comprise the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses, and cash flow 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 There With Care of the Bay Area as of December 31, 2022, and the changes in its net assets and its cash flow 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 There With Care of the Bay Area 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.

Emphasis of Matter – Related-party Transactions

As discussed in Note 1 to the financial statements, There With Care of the Bay Area is controlled by its founding organization, There With Care, which is a nonprofit public benefit corporation located in Colorado. Our opinion is not modified with respect to this matter.

Emphasis of Matter – New Accounting Standard

As discussed in Note 2 to the financial statements, There With Care of the Bay Area adopted the new accounting guidance required by accounting principles generally accepted in the United States of America on leases. Our opinion is not modified with respect to this matter.

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 There With Care of the Bay Area'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 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 There With Care of the Bay Area'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 There With Care of the Bay Area'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.

Sindquist, von Husen and Joyce LLP

August 31, 2023

THERE WITH CARE OF THE BAY AREA
(A California Nonprofit Public Benefit Corporation)
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2022

ASSETS

Current assets:	
Cash	\$ 1,402,851
Receivables:	
Grants and contributions – current (Note 3)	122,500
Related party (Note 7)	3,664
Other	45,656
Other assets (Note 4)	103,185
Total current assets	<u>1,677,856</u>
Grant and contributions receivable – net of current portion (Note 3)	95,785
Property and equipment – net (Note 5)	6,429
Right-of-use asset – operating lease (Note 6)	293,070
Other asset – security deposit	9,518
Total assets	<u><u>\$ 2,082,658</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 49,604
Operating lease liability – current portion (Note 6)	106,656
Total current liabilities	<u>156,260</u>
Operating lease liability – net of current portion (Note 6)	191,683
Total liabilities	<u><u>347,943</u></u>
Net assets:	
Without donor restrictions	1,710,815
With donor restrictions (Note 8)	23,900
Total net assets	<u><u>1,734,715</u></u>
Total liabilities and net assets	<u><u>\$ 2,082,658</u></u>

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

THERE WITH CARE OF THE BAY AREA
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Support and revenue:			
Grants and contributions:			
Individuals	\$ 465,714	\$ 6,758	\$ 472,472
Foundation grants	393,000	43,650	436,650
Corporate and community income	58,519	-	58,519
In-kind contributions (Note 9)	244,934	-	244,934
Special events	448,316	-	448,316
Less: cost of special events	(147,352)	-	(147,352)
Other revenue	46,570	-	46,570
Net assets released from restrictions (Note 8)	73,758	(73,758)	-
Total support and revenue	1,583,459	(23,350)	1,560,109
Expenses:			
Program services	1,209,202	-	1,209,202
Supportive services:			
Management and general	119,519	-	119,519
Fundraising	268,177	-	268,177
Total expenses	1,596,898	-	1,596,898
Change in net assets	(13,439)	(23,350)	(36,789)
Net assets, beginning of year	1,724,254	47,250	1,771,504
Net assets, end of year	\$ 1,710,815	\$ 23,900	\$ 1,734,715

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

THERE WITH CARE OF THE BAY AREA
(A California Nonprofit Public Benefit Corporation)
 STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED DECEMBER 31, 2022

	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
Salaries and benefits	\$ 524,111	\$ 44,713	\$ 187,495	\$ 756,319
Program supplies	377,245	-	-	377,245
Professional services	96,393	47,073	47,275	190,741
Rent	99,466	12,433	12,433	124,332
Chapter fees	48,000	6,000	6,000	60,000
Utilities	14,355	1,527	1,782	17,664
Marketing	14,712	-	-	14,712
Office	11,047	1,037	2,533	14,617
Dues and subscription	9,958	781	2,085	12,824
Merchant and bank fees	-	-	7,493	7,493
Insurance	1,852	4,028	13	5,893
Repairs and maintenance	4,651	317	317	5,285
Depreciation	3,474	-	-	3,474
Other	3,938	1,610	751	6,299
Total expenses	<u>\$ 1,209,202</u>	<u>\$ 119,519</u>	<u>\$ 268,177</u>	<u>\$ 1,596,898</u>

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

THERE WITH CARE OF THE BAY AREA
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:	
Change in net assets	\$ (36,789)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,474
Lease expense – amortization of right-of-use asset – operating lease	104,745
(Increase) decrease in assets:	
Grants and contributions receivable	(171,035)
Related party receivable	(3,664)
Other receivable	(45,656)
Other assets (Note 4)	3,237
Increase in liabilities:	
Accounts payable and accrued expenses	3,980
Operating lease liability	(99,476)
Net cash used in operating activities	<u>(241,184)</u>
Net decrease in cash and restricted cash	(241,184)
Cash and restricted cash, beginning of year	<u>1,653,553</u>
Cash and restricted cash, end of year	<u><u>\$ 1,412,369</u></u>
Supplementary information:	
Noncash investing and financing activities:	
Lease asset obtained in exchange for lease obligation – operating lease	<u><u>\$ 397,815</u></u>
Cash – operations	\$ 1,402,851
Restricted cash – refundable deposits	<u>9,518</u>
Total cash and restricted cash shown in the statements of cash flows	<u><u>\$ 1,412,369</u></u>

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

THERE WITH CARE OF THE BAY AREA
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

There With Care of the Bay Area (the “Organization”), a California nonprofit public benefit corporation, was formed in 2011 to provide a wide range of meaningful and fundamental services to children and families during the critical phase of a medical crisis, which include, but is not limited to, providing transportation assistance, home maintenance, groceries and meals, and patient and family support. The Organization primarily serves families in the hospital (bedside) at Lucile Packard Children's Hospital Stanford (LPCH Stanford) or University California San Francisco Benioff Children's Hospital San Francisco (UCSF Benioff SF). The Organization also serves families in temporary housing locations at Ronald McDonald House Charities (LPCH Stanford) or Family House (UCSF Benioff SF). Many families served by the Organization are traveling from their primary residence across the state or the country to the Bay Area. In addition, the Organization serves families at their primary residence in the California counties of Santa Clara, San Mateo and San Francisco.

The Organization is controlled by its founding organization, There With Care (“There With Care – Colorado”), a nonprofit public benefit corporation located in Colorado.

The Organization is especially vulnerable to the inherent risks associated with revenue that is substantially dependent on public support and contributions. The continued growth and well-being of the Organization is contingent upon successful achievement of its long-term revenue-raising goals.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The Organization uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions.

- Net assets without donor restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization.
- Net assets with donor restrictions include those assets subject to donor restrictions and for which the applicable restrictions were not met as of the end of the current reporting period. 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. When a donor restriction expires – that is, when a stipulated time restriction ends or purpose restriction is accomplished – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as *net assets released from restrictions*. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity.

THERE WITH CARE OF THE BAY AREA
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Revenue Recognition

Contributions and Grants

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as support without donor restrictions or support with donor restrictions, depending on the absence or existence of donor-imposed restrictions as applicable. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions restricted for the purchase of long-lived assets, are reported as without donor restriction when the assets are placed in service.

Contributed services are stated at their estimated fair value, if ordinarily purchased and of a specialized nature.

Unconditional promises to give are recognized as contribution revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

In-Kind Contributions

The Organization receives various in-kind goods and volunteer services throughout the year. In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as net assets without donor restrictions unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

New Accounting Standard on Leases

New accounting standard on leases, required by accounting principles generally accepted in the United States of America, amends both lessor and lessee accounting with the most significant change being the requirement for lessees to account for leases as either finance leases or operating leases and to recognize right-of-use (ROU) assets and corresponding lease liabilities on the balance sheet for all leases other than leases with terms of 12 months or less. For finance leases, lessees would recognize interest expense and amortization of the ROU asset, and for operating leases, lessees would recognize straight-line total rent expense. The accounting standard also requires additional disclosures about the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the leasing standard effective January 1, 2022, using the modified retrospective approach with January 1, 2022 as the initial date of application. The Organization elected to use all available practical expedients provided in the transition guidance. These practical expedients allowed entities to not reassess the identification, classification and initial direct costs of lease agreements, to not separate lease and non-lease components for underlying equipment assets, and to use hindsight in lease agreements for determining lease term and ROU asset impairment, as applicable.

THERE WITH CARE OF THE BAY AREA
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

The Organization accounts for the existing office and warehouse lease with Redwood Junction LLC as an operating lease. As of January 1, 2022, adoption of the new leasing standard resulted in a recognition of ROU asset of \$397,815 and an increase in operating lease liability of \$397,815.

Cash and Restricted Cash

Cash is defined as cash in demand deposit accounts as well as cash on hand. Restricted cash are funds restricted as to their use, regardless of liquidity, such as refundable deposits. The Organization occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance was approximately \$1,189,000, which was with First Republic Bank, as of December 31, 2022. Subsequent to year end, funds amounting to \$850,000 were transferred to another bank to mitigate the risk. The Organization has not experienced any losses in such accounts.

Receivables

Grants and contributions receivable within one year are recorded at net realizable value. Grants receivable expected to be received in future years are recorded at the present value of their estimated cash flows. No allowance for uncollectible accounts has been provided since the receivable are all deemed to be collectible.

Property and Equipment

Property and equipment is stated at cost of acquisition or fair value, if donated. The cost of maintenance and repairs below \$2,500 that neither significantly add to the permanent value of a property nor prolong its intended useful life is charged to expense as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets, which is generally seven (7) years.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code as a member of the group exemption of There With Care – Colorado, and the related California code sections.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal and state information returns for the years 2018 through 2021 are subject to examination by regulatory agencies, generally for three (3) years and four (4) years after they were filed for federal and state, respectively.

Functional Expenses Allocation

The costs of providing program services and supporting services are summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs are allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources. Directly identifiable expenses are charged to programs and supporting services.

Subsequent Events

Management has evaluated subsequent events through August 31, 2023, the date on which the financial statements were available to be issued.

THERE WITH CARE OF THE BAY AREA
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 3 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable are summarized as follows:

Grants and contributions receivable	\$ 222,500
Less: unamortized discount	<u>(4,215)</u>
	218,285
Less: current portion	<u>(122,500)</u>
Long-term grants and contributions receivable	<u><u>\$ 95,785</u></u>

NOTE 4 – OTHER ASSETS

Other assets consist of the following:

In-kind inventory ⁽¹⁾	\$ 82,482
Prepaid expenses	<u>20,703</u>
Total	<u><u>\$ 103,185</u></u>

⁽¹⁾ In-kind inventory consists of donated baby supplies, bags assembled for various individual and family needs, books, safety products, and other supplies and materials.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

Furniture, fixtures and equipment	\$ 37,949
Less: accumulated depreciation	<u>(31,520)</u>
Total property and equipment	<u><u>\$ 6,429</u></u>

NOTE 6 – OPERATING LEASES

The Organization leases an office and warehouse space under an operating lease. The lease has a remaining lease term of 4 years. The lease asset and liability were calculated utilizing the risk-free discount rate (1.21%), according to the Organization's elected policy. Rental expense included in total expenses in 2022 was \$124,332.

THERE WITH CARE OF THE BAY AREA
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

The line items in the statement of financial position which include amounts for the operating lease as of December 31, 2022 are summarized as follows:

Right-of-use asset – operating lease	\$ 293,070
Total operating lease liability	298,339
Less: current portion	(106,656)
Long-term portion	\$ 191,683

The maturities of lease liability are estimated as follows:

2023	\$	106,656
2024		110,922
2025		85,662
2026		-
2027		-
Thereafter		-
Total lease payments		303,240
Less amount representing interest		(4,901)
Present value of lease liability	\$	298,339

NOTE 7 – RELATED-PARTY TRANSACTIONS

Related-party transactions are summarized as follows:

<u>Payable/Paid to (Receivable/Received from)</u> <u>Description</u>	<u>Payable/</u> <u>(Receivable)</u>	<u>(Income)/Expense</u> <u>Receipts/(Payment)</u>
<u>There With Care – Colorado</u>		
Chapter fee ⁽¹⁾	\$ -	\$ 60,000
Management fee ⁽²⁾	-	(60,000)
Operating advances ⁽³⁾	(3,664)	120,000
Total	\$ 3,664	(120,000)

⁽¹⁾ The Organization incurs a quarterly chapter fee for a variety of support services which include organizational, marketing and communications, human resources, volunteer training, program implementation and reporting and development. The quarterly chapter fee was \$15,000 in 2022.

⁽²⁾ The Organization paid monthly management fees to There With Care – Colorado for the management of operations of the organization during the months the Executive Director position was vacant in 2022.

THERE WITH CARE OF THE BAY AREA
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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

- (3) Other operating costs are paid by There With Care – Colorado on behalf of the Organization and subsequently reimbursed by the Organization. In 2022, certain donations intended for the Organization were mistakenly sent to the bank account of There With Care – Colorado resulting to a net receivable balance as of December 31, 2022. The receivable balance was offset with the operating advances made by There With Care – Colorado in the subsequent period.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes:

	<i>December 31, 2021</i>	<i>Contributions</i>	<i>Releases from Restrictions</i>	<i>December 31, 2022</i>
Purpose-restricted	\$ -	\$ 6,758	\$ (6,758)	\$ -
Time-restricted	47,250	43,650	(67,000)	23,900
Total	\$ 47,250	\$ 50,408	\$ (73,758)	\$ 23,900

NOTE 9 – IN-KIND CONTRIBUTIONS

In 2022, the Organization received in-kind donations as follows:

Program goods	\$ 231,938
Events	8,040
Professional services	4,906
Others	50
Total	\$ 244,934

NOTE 10 – RETIREMENT PLAN

The Organization has a retirement plan under Section 401(k) of the Internal Revenue Code. The plan covers all employees who have completed at least three (3) months of service and have reached the minimum age 18. The plan allows for elective contributions by the employees. The Organization does not make contributions to the plan.

THERE WITH CARE OF THE BAY AREA
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 11 – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet their operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and keeps track of its cash reserve and strives to always maintain a burn rate of at least 6 months.

Financial assets available for general expenditures, that is without donor or other restriction limiting their use, within one year of the statement of financial position, comprise the following:

Financial assets at end of year available within one year:	
Cash	\$ 1,402,851
Pledges receivable	122,500
	<hr/>
	1,525,351
Less financial assets not available for general expenditures:	
Cash subject to expenditure for specific purpose	<hr/>
	(23,900)
Financial assets available for general expenditures within one year	<hr/> <hr/>
	\$ 1,501,451

NOTE 12 – COMMITMENTS, CONTINGENCIES, AND OTHERS

Chapter Agreement

The Organization has a chapter agreement with There With Care – Colorado, the founding organization, which granted the chapter status and entitled the Organization to certain rights and privileges allowing the Organization to carryout the founding organization’s purpose of providing a wide range of thoughtful and fundamental services to children and families during the critical phase of a medical crisis within the designated territory, as defined in the chapter agreement, or any other rights and privileges that the founding organization may establish from time to time.

The chapter agreement shall continue unless and until the founding organization makes a revision to the chapter agreement or the Organization’s status as a chapter is placed on probation, deemed inactive or revoked.

COVID-19 Pandemic

The emergence and spread of the coronavirus (COVID-19) has affected businesses and economic activities in the US and beyond. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the effects on residents, supply chains, service providers, and business partners, and changes in business practices, all of which are uncertain and cannot be determined at this time.