



**FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**



**Leaf & Cole, LLP**  
*Certified Public Accountants*

**CENTER FOR COMMUNITY SOLUTIONS  
FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 25



Leaf & Cole, LLP  
Certified Public Accountants  
A Partnership of Professional Corporations

## Independent Auditor's Report

To the Board of Directors  
Center for Community Solutions

### Report on the Financial Statements

We have audited the accompanying financial statements of Center for Community Solutions, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Directors  
Center for Community Solutions

Page 2

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Community Solutions as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Leaf & Cole LLP

San Diego, California  
November 17, 2020

**CENTER FOR COMMUNITY SOLUTIONS  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b><u>Current Assets:</u></b> (Notes 2, 7 and 8)		
Cash and cash equivalents	\$ 2,193,753	\$ 1,279,225
Contracts receivable	845,142	1,113,154
Other receivables	8,495	15,419
Prepaid expenses	66,510	31,706
Total Current Assets	<u>3,113,900</u>	<u>2,439,504</u>
<b><u>Noncurrent Assets:</u></b> (Notes 2, 4, 5, 6, 7 and 8)		
Deposits	12,763	12,763
Property and equipment, net	2,079,274	2,125,917
Beneficial interest in endowment funds	10,368	10,756
Total Noncurrent Assets	<u>2,102,405</u>	<u>2,149,436</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,216,305</u>	<u>\$ 4,588,940</u>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities:</u></b> (Notes 2, 8 and 11)		
Accounts payable	\$ 104,106	\$ 112,968
Accrued payroll and related liabilities	379,389	363,868
Deferred revenue	422,802	51,000
Current portion of notes payable	34,653	32,904
Total Current Liabilities	<u>940,950</u>	<u>560,740</u>
<b><u>Noncurrent Liabilities:</u></b> (Note 8)		
Notes payable, less current portion	1,673,545	1,708,850
Interest payable	171,640	152,977
Total Noncurrent Liabilities	<u>1,845,185</u>	<u>1,861,827</u>
Total Liabilities	<u>2,786,135</u>	<u>2,422,567</u>
<b><u>Commitments and Contingencies</u></b> (Notes 7 and 11)		
<b><u>Net Assets:</u></b> (Notes 2, 9 and 10)		
Without donor restrictions	2,276,138	2,017,755
With donor restriction	154,032	148,618
Total Net Assets	<u>2,430,170</u>	<u>2,166,373</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,216,305</u>	<u>\$ 4,588,940</u>

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

**CENTER FOR COMMUNITY SOLUTIONS  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support:</b>						
Contract revenue	\$ 4,963,840	\$ -	\$ 4,963,840	\$ 4,702,859	\$ -	\$ 4,702,859
Contributions and grants	766,879	126,418	893,297	570,856	126,800	697,656
In-kind contributions	296,069	-	296,069	341,890	-	341,890
Fundraising revenue (net of direct costs of \$117,615 and \$190,824, respectively)	125,787	-	125,787	314,664	-	314,664
Other income	87,558	-	87,558	6,960	-	6,960
Fees for services	3,468	-	3,468	6,459	-	6,459
Investment income	587	95	682	691	364	1,055
Net assets released from restrictions	121,099	(121,099)	-	70,247	(70,247)	-
<b>Total Revenue and Support</b>	<b>6,365,287</b>	<b>5,414</b>	<b>6,370,701</b>	<b>6,014,626</b>	<b>56,917</b>	<b>6,071,543</b>
<b>Expenses:</b>						
Program services	4,919,696	-	4,919,696	4,426,502	-	4,426,502
Management and general	625,493	-	625,493	744,100	-	744,100
Fundraising	561,715	-	561,715	419,560	-	419,560
<b>Total Expenses</b>	<b>6,106,904</b>	<b>-</b>	<b>6,106,904</b>	<b>5,590,162</b>	<b>-</b>	<b>5,590,162</b>
Change in Net Assets	258,383	5,414	263,797	424,464	56,917	481,381
Net Assets at Beginning of Year	2,017,755	148,618	2,166,373	1,593,291	91,701	1,684,992
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,276,138</b>	<b>\$ 154,032</b>	<b>\$ 2,430,170</b>	<b>\$ 2,017,755</b>	<b>\$ 148,618</b>	<b>\$ 2,166,373</b>

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

**CENTER FOR COMMUNITY SOLUTIONS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services				Supporting Services			Total
	LCAS	HAS	PEAS	PRG	Total Program Services	Management and General	Fundraising	
<b>Salaries and Related Expenses:</b>								
Salaries and wages	\$ 1,740,084	\$ 897,237	\$ 245,673	\$ 142,514	\$ 3,025,508	\$ 466,366	\$ 359,456	\$ 3,851,330
Payroll taxes	127,196	67,467	18,785	10,530	223,978	37,513	29,010	290,501
Employee benefits	134,762	71,162	19,675	11,218	236,817	39,535	30,390	306,742
Total Salaries and Related Expenses	<u>2,002,042</u>	<u>1,035,866</u>	<u>284,133</u>	<u>164,262</u>	<u>3,486,303</u>	<u>543,414</u>	<u>418,856</u>	<u>4,448,573</u>
<b>Expenses:</b>								
Advertising	-	-	-	-	-	-	56,636	56,636
Auxiliary	-	24,750	-	-	24,750	-	-	24,750
Education and training	3,230	1,439	1,080	363	6,112	5,886	635	12,633
Insurance	18,267	7,899	2,126	808	29,100	12,164	2,314	43,578
Interest expense and fees	9,294	36,726	1,413	518	47,951	7,339	1,502	56,792
Occupancy	73,403	40,600	11,166	17,493	142,662	12,125	1,735	156,522
Office expenses	45,623	22,608	7,946	5,000	81,177	7,225	14,892	103,294
Professional fees	20,596	9,289	5,130	1,720	36,735	13,754	1,948	52,437
Program expenses	76,683	403,238	25,022	43,006	547,949	40	13,650	561,639
Recruitment	8,164	8,357	438	196	17,155	233	1,357	18,745
Repairs and maintenance	63,183	42,653	9,442	5,620	120,898	20,275	10,536	151,709
Small equipment	5,461	4,138	5,078	554	15,231	(15,125)	8,502	8,608
Subcontracts	22,418	-	-	34,950	57,368	-	-	57,368
Telephone and communications	49,881	25,091	7,278	4,840	87,090	4,776	7,339	99,205
Travel	25,237	22,250	4,433	1,747	53,667	2,429	3,791	59,887
Total Expenses Before Depreciation	421,440	649,038	80,552	116,815	1,267,845	71,121	124,837	1,463,803
Depreciation	92,689	51,020	14,728	7,111	165,548	10,958	18,022	194,528
Total Expenses	<u>\$ 2,516,171</u>	<u>\$ 1,735,924</u>	<u>\$ 379,413</u>	<u>\$ 288,188</u>	<u>\$ 4,919,696</u>	<u>\$ 625,493</u>	<u>\$ 561,715</u>	<u>\$ 6,106,904</u>

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

**CENTER FOR COMMUNITY SOLUTIONS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services				Supporting Services			
	LCAS	HAS	PEAS	PRG	Total Program Services	Management and General	Fundraising	
<b>Salaries and Related Expenses:</b>								
Salaries and wages	\$ 1,817,447	\$ 787,914	\$ 188,761	\$ 91,790	\$ 2,885,912	\$ 523,946	\$ 270,672	\$ 3,680,530
Payroll taxes	132,702	60,790	14,706	7,352	215,550	41,801	21,775	279,126
Employee benefits	100,447	46,082	11,027	5,612	163,168	31,907	17,627	212,702
Total Salaries and Related Expenses	<u>2,050,596</u>	<u>894,786</u>	<u>214,494</u>	<u>104,754</u>	<u>3,264,630</u>	<u>597,654</u>	<u>310,074</u>	<u>4,172,358</u>
<b>Expenses:</b>								
Advertising	686	-	-	-	686	-	43,551	44,237
Auxiliary	-	29,596	-	-	29,596	-	-	29,596
Education and training	3,734	1,462	2,459	175	7,830	7,902	2,380	18,112
Insurance	19,715	8,245	1,915	913	30,788	12,857	2,111	45,756
Interest expense and fees	12,536	41,229	1,515	740	56,020	2,243	1,708	59,971
Occupancy	85,157	44,364	10,261	5,051	144,833	1,300	1,574	147,707
Office expenses	44,958	20,206	5,346	2,286	72,796	6,992	16,324	96,112
Professional fees	40,027	4,185	176	83	44,471	89,901	199	134,571
Program expenses	77,879	221,832	33,610	28,730	362,051	159	15,931	378,141
Recruitment	4,665	3,734	629	166	9,194	541	743	10,478
Repairs and maintenance	33,873	40,721	4,178	1,967	80,739	5,926	5,814	92,479
Small equipment	4,078	2,717	721	1,243	8,759	828	68	9,655
Subcontracts	15,634	-	-	13,299	28,933	-	-	28,933
Telephone and communications	46,253	26,540	5,801	2,784	81,378	4,643	4,976	90,997
Travel	37,707	19,836	4,451	1,952	63,946	3,798	3,598	71,342
Total Expenses Before Depreciation	<u>426,902</u>	<u>464,667</u>	<u>71,062</u>	<u>59,389</u>	<u>1,022,020</u>	<u>137,090</u>	<u>98,977</u>	<u>1,258,087</u>
Depreciation	83,568	41,394	10,533	4,357	139,852	9,356	10,509	159,717
Total Expenses	<u>\$ 2,561,066</u>	<u>\$ 1,400,847</u>	<u>\$ 296,089</u>	<u>\$ 168,500</u>	<u>\$ 4,426,502</u>	<u>\$ 744,100</u>	<u>\$ 419,560</u>	<u>\$ 5,590,162</u>

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



**CENTER FOR COMMUNITY SOLUTIONS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ 263,797	\$ 481,381
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation	194,528	159,717
Endowment investment income	(95)	(364)
Endowment distributions	483	474
<b>(Increase) Decrease in:</b>		
Contracts receivable	268,012	(397,041)
Other receivables	6,924	(3,078)
Prepaid expenses	(34,804)	(11,446)
<b>Increase (Decrease) in:</b>		
Accounts payable	(8,862)	34,929
Accrued payroll and related liabilities	15,521	92,683
Deferred revenue	371,802	51,000
Interest payable	18,663	18,661
Net Cash Provided by Operating Activities	<u>1,095,969</u>	<u>426,916</u>
<b><u>Cash Flows From Investing Activities:</u></b>		
Purchases of property and equipment	(147,885)	(178,073)
Change in beneficial interest in endowment funds	388	110
Net Cash Used in Investing Activities	<u>(147,497)</u>	<u>(177,963)</u>
<b><u>Cash Flows From Financing Activities:</u></b>		
Proceeds from notes payable	-	450,000
Principal payments on notes payable	(33,556)	(464,588)
Endowment investment income	95	364
Endowment distributions	(483)	(474)
Net Cash Used in Financing Activities	<u>(33,944)</u>	<u>(14,698)</u>
Net Increase in Cash and Cash Equivalents	914,528	234,255
Cash and Cash Equivalents at Beginning Year	<u>1,279,225</u>	<u>1,044,970</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,193,753</u>	<u>\$ 1,279,225</u>
<b><u>Supplemental Disclosures of Cash Flow Information:</u></b>		
Cash paid for interest	<u>\$ 38,129</u>	<u>\$ 41,310</u>

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

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 1 - Organization:**

Center for Community Solutions (CCS) is a San Diego County-based nonprofit, formed in 1969 and incorporated in 1973. CCS' mission is to end relationship and sexual violence by being a catalyst for caring communities and social justice. Our vision is for all people to live full, free, expressive, and empowered lives in a safe, healthy, vibrant, and peaceful community.

CCS was established in 1969 as the Center for Women's Studies and Services (CWSS) on the campus of San Diego State University. In 1995, CWSS changed its name to Center for Community Solutions. The name change was a way to communicate that sexual and intimate partner violence are public health concerns and human rights violations that impact not only women, but entire communities. The best and most lasting solutions to the problems of sexual and intimate partner violence must emerge from the wisdom and compassion of the community, and involve people of every age, ethnicity, race, sexual orientation, spiritual tradition, ability, and gender.

CCS is committed to continuously refining its approach to supporting victims and preventing intimate partner and sexual violence. CCS is committed to providing comprehensive, trauma-informed services, including prevention education, counseling, advocacy, legal, and shelter services. CCS strives to ensure that its services are culturally humble, empowering, and confidential. Most of CCS services are available in English and Spanish, with additional languages, including sign languages, provided by certified interpreter services. To improve access to our programs, CCS provides services in nine different locations throughout North, Central, and East San Diego County. All CCS staff and volunteers who provide direct services to victims of intimate partner or sexual violence complete an intensive Domestic Violence and Sexual Assault Crisis Intervention Training certified by the California Governor's Office of Emergency Services.

CCS provides support through four program areas: Legal, Counseling, and Advocacy Services (LCAS); Housing and Advocacy Services (HAS); Prevention, Education, and Advocacy Services (PEAS); and General Program Services (PRG).

**Legal, Counseling, and Advocacy Services (LCAS)**

**Intimate Partner Violence Services (IPVS):** IPVS services are provided in East, Central, and North San Diego County. Three full-time victim advocates provide crisis counseling, safety planning, intimate partner violence lethality assessments, court accompaniment, application assistance, information, referrals, and emotional support to victims of intimate partner violence. Advocates utilize their significant community connections to help survivors access safe housing, legal services, counseling, immigration services, food, clothing, and other support services. IPVS is led by a full-time Legal Team Manager, and provides services at the El Cajon Courthouse, and CCS' East, Central, and North Offices. This free, confidential service is available in English and Spanish, with additional languages, including sign languages, provided by certified interpreter services. CCS has expanded services to survivors of intimate partner violence with the addition of Domestic Abuse Forensic Exams (DAFE) accompaniment as part of a countywide effort to better respond to individuals who have been severely injured or strangled. CCS provides accompaniment and advocacy to IPV survivors during and after forensic exams.

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 1 - Organization: (Continued)**

**Legal, Counseling, and Advocacy Services (LCAS) (Continued)**

**Sexual Assault Services (SAS)** - SAS is one of the largest state-funded rape crisis centers in California and covers most of San Diego County. SAS provides an in-person emergency response to every sexual assault victim in its service area who undergoes a sexual assault forensic examination. CCS volunteers and staff are scheduled around-the-clock to respond within 30 minutes of a call, and they stay with a victim throughout the entire forensic examination process. SAS is staffed by full-time victim advocates and two program managers who provide follow-up services after the emergency response. Additionally, the SAS team includes a program manager and full-time advocate who are out-stationed at San Diego Community College District (City College, Miramar College, and Mesa College), a program manager and full-time advocate at Southwestern College, and a full-time advocate at San Diego State University to provide SAS advocacy on campus. This team also supports victims who are referred from other sources, including self-referrals and walk-ins. SAS services include crisis counseling, safety planning, trauma-informed client services, and help with connecting to other resources, including counseling, legal services, housing, medical care, food, clothing, and immigration assistance. Advocates also provide in-person emotional support during detective and attorney interviews, preliminary hearings, and other court events.

CCS is a founding member of the San Diego countywide Sexual Assault Response Team (SART), a 39-year-old collaborative project which includes civilian, military, and tribal advocates; law enforcement; a sexual assault forensic nurse; crime lab; and justice agencies. All members of SART meet six times per year, cross-train, and follow a standard response protocol to ensure compassionate, survivor-centered services.

**Legal Services:** With a staff of six California-licensed attorneys, CCS' highly skilled legal team serves survivors of intimate partner violence and sexual assault and is the largest pro bono legal team in San Diego County. CCS legal services include:

**Legal Assistance for Victims (LAV)** - Staffed by the full-time Legal Team Manager and two staff attorneys, LAV provides civil legal remedies and direct representation for victims of sexual assault. LAV specializes in the civil legal needs of sexual assault victims in the following areas: housing, employment, education, privacy, safety, and financial compensation, as well as Civil Harassment Restraining Orders. The program assists survivors with immigration concerns through a subcontract with Casa Cornelia Law Center. LAV is San Diego's go-to legal services program for privacy law (representing victims in criminal court), and Title IX issues (sexual violence as discrimination) throughout the County. LAV is the only sexual assault-specific direct representation legal services program in San Diego County.

**Domestic Violence Legal Services:** One full-time attorney provides restraining order assistance twenty (20) hours per week at the El Cajon Courthouse, and pro per family law assistance twenty (20) hours per week at CCS' East County Office, including filling out paperwork, client consultations, and hearing preparation.

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 1 - Organization: (Continued)**

**Legal, Counseling, and Advocacy Services (LCAS) (Continued)**

**North County Legal Services (XL):** One full-time attorney and one full-time legal advocate provide pro per legal services, including filling out paperwork, client consultations, and hearing preparation for victims of intimate partner violence, sexual assault, and stalking in the North Region.

**High Risk Teams:** CCS attorneys also coordinate San Diego County’s Central, East, and North High-Risk Teams, a multidisciplinary response team that includes law enforcement, the City and District Attorneys’ Offices, several intimate partner violence service providers, and Probation. This team meets monthly in each region to collaborate and conduct case reviews in order to increase the safety of victims who are at serious risk of intimate partner violence-related homicide.

**Trauma-Specific Counseling:** CCS operates counseling programs in North, Central, and East County. A team of three Staff Therapists provides individual, group, family, and child counseling using a variety of best practice, trauma-specific approaches, including trauma-focused cognitive behavioral therapy (TF-CBT), Trauma Resiliency Model (TRM), Eye Movement Desensitization and Reprocessing (EMDR), guided imagery, expressive arts therapy, play therapy, sand tray therapy, and mindfulness therapies. Our counseling program includes up to five master’s-level Marriage and Family Therapy, Social Work, or Professional Clinical Counselor Intern students who receive intensive training, supervision, and commit twenty hours per week to CCS. Youth counseling services (up to 18 years of age) are offered by two additional Child Therapists, who work together with a Child Advocate (see CHAT). The child advocacy allows CCS to ensure that all youth seeking support to heal from trauma have wrap-around, holistic resources and referrals suited to their unique needs. Individual and group counseling for adults and children is also offered on-site at our business offices and short-term emergency shelters.

**Child Abuse Treatment (CHAT):** The trauma of childhood abuse can impact a child’s overall wellness. The CHAT program offers trauma-specific therapy and advocacy services to address the effects of trauma. CCS focuses on the child’s strengths, and where the child needs support in order to improve their coping strategies and opportunities for healthy life choices. All services are available in English and Spanish. The CHAT program serves children who are under the age of 18 and victims of intimate partner violence, sexual abuse, and emotional abuse and neglect, as well as witness to violence or a crime. CCS offers these services with two Child Therapists and one Child Advocate. Therapists create a safe trauma-informed environment to improve coping strategies, decision-making, and assist in the development of skills to manage emotions and behaviors. In addition, the advocate provides coordination with schools and other agencies involved with the child’s wellbeing. The CCS Child Advocate provides information and support that includes crisis intervention, safety planning, court accompaniment, victim of crime assistance, monitoring academic progress, and assist in parent education.

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 1 - Organization: (Continued)**

**Housing and Advocacy Services (HAS)**

**Intimate Partner Violence Shelters:** CCS operates both short-term and long-term confidential intimate partner violence shelters. Project Safe House (PSH) is a short-term, 24-bed intimate partner violence shelter located in East San Diego County, and Hidden Valley House (HVH) is a short-term, 35-bed intimate partner violence shelter located in North Inland Region of San Diego County. Both shelters are staffed 24-hours per day by certified intimate partner violence counselors. Intimate partner violence victims and their children are sheltered in these programs for up to two months. While living in the shelter, they receive advocacy, counseling, safety planning, client services, legal assistance, food, clothing, transportation assistance, and other services and resources to help them stabilize and transition to more permanent housing. Next Step is our long-term confidential intimate partner violence shelter program, where families that need more time to get on their feet can stay up to eighteen months. Next Step families are housed in one apartment at PSH, and five two-bedroom units in a separate facility called Next Step North. In total, Next Step offers up to 40 beds for long-term shelter. All CCS intimate partner violence shelter programs accept adults and children of all genders. Shelter services are offered in English and Spanish, with additional languages, including sign languages, provided by certified interpreter services.

**DV Housing First:** Established in 2018, CCS addresses long-term safe and stable housing as a key component to long-term survivor self-sufficiency. The program improves the way communities respond to intimate partner and sexual violence by integrating housing stability into advocacy, assisting survivors with accessing and/or retaining housing. With the addition of a Housing Coordinator, services include mobile advocacy, community outreach, and financial assistance for rent and other supportive services.

**Intimate Partner Violence, Sexual Assault, and Stalking Hotline Counseling:** CCS provides toll-free, confidential, 24-hour hotline crisis counseling, safety planning, information, and referrals to a host of follow-up services, including counseling, advocacy, legal assistance, medical care, shelter, food, and clothing. Hotline counseling is provided by certified Domestic Violence and Sexual Assault Victim Counselors, in English and Spanish, with additional languages provided by certified interpreter services. CCS' Hotline staff and volunteers, which includes a Hotline Coordinator, assist approximately 5,000 callers annually.

**Prevention, Education, and Advocacy Services (PEAS)**

**Healthy Relationships & Violence Prevention Education:** CCS is invested in the promotion of healthy relationships and the prevention of sexual and intimate partner violence through interactive, empowering education focused on topics related to the development of healthy relationships skills. For example, healthy communication and conflict resolution skills, consent-and-boundary-setting, and how to challenge social norms and media messages that perpetuate violence throughout our communities. CCS prevention education programs are available in English and Spanish and are generally provided in schools or other community settings in a developmentally and culturally humble manner. Athlete Upstander Prevention Education continued in which CCS provided healthy relationships and bystander intervention trainings to all incoming first-year student athletes at San Diego State University.

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 1 - Organization: (Continued)**

**Prevention, Education, and Advocacy Services (PEAS) (Continued)**

**Teen Dating Violence Prevention Education (TDV):** TDV education programs are delivered in a multi-unit format, offered as a series of three to five workshops. This gives participants multiple opportunities over time to practice and refine the healthy relationship skills they are learning. TDV also allows ample time for participants to work with their peers to identify ways they can stand up against intimate partner and sexual violence and create change by challenging the social norms that perpetuate violence. In addition to serving students from kindergarten to college, CCS staff also provides trainings for teachers and parents, addressing the importance of modeling healthy relationship, communication, and conflict resolution skills as they interact with youth. CCS Prevention & Community Engagement Specialists encourage parents to engage in meaningful conversations with their children, starting as early as preschool, understanding that healthy relationship skills can become wonderful habits if taught early on. During FY 2020, CCS has had formal partnerships with Escondido Unified High School District, Cherokee Point Elementary School, Wilson Middle School, San Diego State University, San Diego Court and Community Schools, and San Diego County Probation Department. Moreover, for youth in detention, the prevention team facilitates a 3-unit core curriculum, with an advanced series offered to young men who complete the first series and then apply to attend the advanced course. CCS prevention staff value the opportunity to support the marginalized youth who live at the intersection of having been harmed and having done harm.

**Close to Home (C2H) - Rape Prevention Education (RPE) Grant:** Community mobilization models have come to the forefront of prevention efforts for both their innovative nature and their ability to incite sustainable change. The CCS prevention team continued its work with one such model - Close to Home (C2H). The C2H model was selected by the California Department of Public Health as a promising practice for sexual violence prevention, and CCS is now implementing it in City Heights – the county’s most populous neighborhood. Through the C2H project, an intergenerational team of City Heights residents will facilitate the development of community-designed and community-specific prevention actions. The C2H model has a demonstrated track record of producing empowering, community-led change. CCS is one of a handful of grant awardees currently implementing C2H as a sexual violence prevention strategy in the state of California.

**Family Violence Prevention Grant:** Based on a grant award to provide higher-risk youth populations with dating violence prevention education, the PEAS team has adapted the multi-unit core curriculum to address the particular needs of the homeless, foster, and LGBTQ+ youth populations – all of which are disproportionately impacted by intimate partner and sexual violence. This program also provides prevention education trainings to adult allies and advocates and includes the creation of a violence prevention resource guide for youth and a related ally/advocate guide for enhancing supportive community networks for foster, homeless, and LGBTQ youth.

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 1 - Organization: (Continued)**

**General Program (PRG)**

In partnership with Deaf Community Services and San Diego Regional Center, CCS was awarded state and federal funding to deepen each agency's capacity to serve survivors of violence who are Deaf/deaf, Hard-of-Hearing, Late-Deafened, or Deaf-Blind, and/or individuals living with intellectual or developmental disabilities. Internally known as Access to Services, CCS has upgraded facilities and enhanced language access throughout the agency to ensure all survivors can equitably access services. Each organization in this collaboration has provided multiple cross-trainings for staff. The intent of the collaboration and trainings is to ensure that each entity has specific understanding of each population, and the capacity to serve high-risk and vulnerable clients who have experienced sexual and intimate partner violence.

**Note 2 - Significant Accounting Policies:**

**Accounting Method**

The financial statements of CCS have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Financial Statement Presentation**

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

- Net Assets Without Donor Restrictions - Net assets available for use in general operations, and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) 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.

**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.

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Fair Value Measurements**

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy), and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

CCS' statements of financial position include the following financial instrument that is required to be measured at fair value on a recurring basis:

- Beneficial interest in endowment funds held by San Diego Foundation is considered a Level 3 asset, which represents the fair value of the underlying assets as reported by San Diego Foundation.

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method, based on historical experience and management's evaluation of outstanding receivables. Management believes that all contracts and other receivables were fully collectible; therefore, no allowance for doubtful contracts and other receivables was recorded at June 30, 2020 and 2019.

**Capitalization and Depreciation**

CCS capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as 'support without donor restrictions' unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, CCS reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CCS reclassifies net assets with donor restrictions to 'net assets without donor restrictions' at that time. Property and equipment is depreciated using the straight-line method over the estimated useful asset lives as follows:

Buildings	10 - 30 years
Leasehold improvements	5 - 25 years
Machinery and equipment	7 years
Furniture and fixtures	3 years

Depreciation totaled \$194,528 and \$159,717 for the years ended June 30, 2020 and 2019, respectively.



**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Capitalization and Depreciation (Continued)**

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

**Impairment of Real Estate**

CCS reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted net cash flows expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2020 and 2019.

**Compensated Absences**

Accumulated unpaid compensated absences totaling \$219,224 and \$209,699 at June 30, 2020 and 2019, respectively, is accrued when incurred, and included in accrued payroll and related liabilities.

**Revenue Recognition**

Contract revenue is recognized in the period in which the related work is performed in accordance with the terms of the contract. Contracts receivable is recorded when revenue earned under a contract exceeds the cash received. Deferred revenue is recorded when cash received under a contract exceeds the revenue earned.

Contributions are recognized when the donor makes a promise to give to CCS that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Event revenue is recognized in the period that the event occurs. Deferred event revenue totaled \$96,802 and \$51,000 at June 30, 2020 and 2019, respectively.

Revenue from fees for services is recognized as performance obligations are satisfied.

**CENTER FOR COMMUNITY SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Donated Services and Materials**

CCS utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements, unless the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated services comprised primarily of therapy, advocacy, and education services totaled \$213,821 and \$197,489 for the years ended June 30, 2020 and 2019, respectively.

CCS has received substantial donations of materials, marketing, and professional fees. The donations of materials, marketing and professional fees are recorded at their fair value and totaled \$82,248 and \$144,401 for the years ended June 30, 2020 and 2019, respectively.

**Functional Allocation of Expenses**

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of expenses that benefit multiple functional areas have been allocated between programs and supporting services, based on a cost allocation plan that allocates costs primarily based on the proportion of full-time employee equivalents of a program or supporting service versus the total organizational full-time employee equivalents.

**Income Taxes**

CCS is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. CCS 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. CCS is not a private foundation.

CCS' Return of Organization Exempt from Income Tax for the years ended June 30, 2020, 2019, 2018 and 2017 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

**Concentrations**

**Credit Risk**

CCS maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. CCS has not experienced any losses in such accounts. CCS believes it is not exposed to any significant credit risk on cash and cash equivalents.

**CENTER FOR COMMUNITY SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Concentrations (Continued)**

**Contracts Receivable and Revenue**

CCS receives a substantial portion of its funding from a state emergency services agency through direct and subgrantee contracts. CCS received \$3,411,647 and \$3,347,387 or 69% and 71% of its total revenue and support for contract revenue related to this agency through direct and subgrantee funding, for the years ended June 30, 2020 and 2019, respectively. Contracts receivable from those contracts totaled \$478,728 and \$723,589, which represents 57% and 65% of the total contracts receivable balance at June 30, 2020 and 2019, respectively.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, CCS considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

**Accounting Pronouncements Adopted**

In June 2019, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions, or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2020. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions, or opening net assets with donor restrictions, as of July 1, 2019. There was no effect of adopting the new accounting principles on contributions in 2020.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 outlines a single, comprehensive model for companies to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. The change in accounting principle was adopted on the retrospective basis, which resulted in no change to revenue previously reported and also had no effect on the revenue reported for the year ended June 30, 2020.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The adoption of ASU 2016-18 for the year ended June 30, 2020 had no effect on the beginning-of-period and end-of-period total amounts shown on the statements of cash flows.

**Subsequent Events**

In preparing these financial statements, CCS has evaluated events and transactions for potential recognition or disclosure through November 17, 2020, the date the financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed.

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 3 - Liquidity and Availability:**

CCS regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. CCS considers contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations, to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, CCS considers all expenditures related to its ongoing programs, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The table below presents financial assets available for general expenditures within one year at June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,193,753	\$ 1,279,225
Contracts receivable	845,142	1,113,154
Other receivables	8,495	15,419
Appropriation of endowment earnings	<u>535</u>	<u>470</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,047,925</u>	<u>\$ 2,408,268</u>

In addition to financial assets available to meet general expenditures over the next 12 months, CCS has contracted agreements from CalOES, OVW, CDPH, County of San Diego, and City of San Diego totaling \$5,279,564. CCS also has a line-of-credit agreement with available borrowings totaling \$500,000, as described in Note 7. CCS operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Appropriations of endowment fund earnings are made in accordance with the spending policy, as described in Note 10. Donor-restricted endowment funds that must be held in perpetuity are not available for general expenditure.

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 4 - Fair Value Measurements:**

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

	2020			Balance at June 30, 2020
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Beneficial interest in endowment funds (Note 6)	\$ -	\$ -	\$ 10,368	\$ 10,368
	\$ -	\$ -	\$ 10,368	\$ 10,368
	2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
Beneficial interest in endowment funds (Note 6)	\$ -	\$ -	\$ 10,756	\$ 10,756
	\$ -	\$ -	\$ 10,756	\$ 10,756

The reconciliation for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are included in Note 6, as indicated above.

The following table represents CCS' Level 3 financial instruments, the valuation techniques used to measure the fair value of the financial instruments, and the significant unobservable inputs and the range of values for those inputs for the years ended June 30:

2020				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 10,368	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A
2019				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 10,756	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 5 - Property and Equipment:**

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 880,011	\$ 880,011
Buildings	969,994	969,994
Leasehold improvements	1,440,336	1,380,508
Machinery and equipment	156,672	97,895
Furniture and fixtures	87,144	57,864
Subtotal	3,534,157	3,386,272
Less: Accumulated depreciation	(1,454,883)	(1,260,355)
Property and Equipment, Net	\$ 2,079,274	\$ 2,125,917

**Note 6 - Beneficial Interest in Endowment Funds:**

CCS has a beneficial interest in endowment funds held by San Diego Foundation, which is classified as ‘with donor restrictions’ and must be maintained in perpetuity. The beneficial interest in endowment funds held by San Diego Foundation is invested in a portfolio of equity and debt securities which is structured for long-term total return consisting of 25% international equities, 28% domestic equities, 22% alternative investments, 17% fixed income, 6% real estate, and 2% commodities. CCS receives distributions of earnings on an annual basis. The distributions are used to further CCS’ mission of providing the San Diego community with help to heal and prevent abusive relationships and sexual violence.

The activity in the beneficial interest in endowment funds held by San Diego Foundation consisted of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Balance at Beginning of Year	\$ 10,756	\$ 10,866
Investment gain	95	364
Distributions	(483)	(474)
Balance at End of Year	\$ 10,368	\$ 10,756

**Note 7 - Line-of-Credit:**

CCS has a line-of-credit with First Republic Bank in the amount of \$500,000, with interest at 5.50%. The line-of-credit matures on February 12, 2024, and is secured by real property, receivables and other equipment. There were no outstanding advances under the line-of-credit at June 30, 2020.

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 8 - Notes Payable:**

Notes payable consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Mortgage payable to First Republic Bank in the original amount of \$450,000. Payable in monthly payments of \$3,600, including interest at 5.10%, due March 12, 2034. Secured by real property. (Mission Bay Office Building)	\$ 423,821	\$ 444,464
Note payable to the City of San Diego in the original amount of \$170,000. The note is noninterest bearing. The principal is not due as long as all compliance requirements of the note are met, or until such time as the property is sold. Secured by real property. (Mission Bay Office Building)	170,000	170,000
Mortgage payable to California Bank & Trust in the original amount of \$332,000. Payable in monthly payments of \$2,258, including interest at 5.25%, due November 30, 2025. Secured by real property. (Long-Term Emergency Shelter North)	282,306	295,219
Note payable awarded through the Affordable Housing Program, which was originated January 30, 2009, is held by California Bank and Trust in the original amount of \$210,000. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of January 30, 2064. Secured by real property. (Long-Term Emergency Shelter North)	210,000	210,000
Promissory note which was originated on April 20, 2011 is held by the Department of Housing and Community Development in the original amount of \$654,776 (\$32,705 undisbursed at June 30, 2018), for the purchase of property. The note bears interest at 3% per annum. Repayment of principal and interest are deferred as long as CCS operates the facility as an emergency shelter or transition housing in compliance to the terms of the agreement. In the event that the compliance standards are met, the loan will be forgiven at the maturity date of April 20, 2021. Secured by real property. Accrued interest totaled \$171,640 and \$152,977 at June 30, 2020 and 2019, respectively. (Emergency Shelter)	622,071	622,071
Total Notes Payable	1,708,198	1,741,754
Less: Current Portion	(34,653)	(32,904)
Notes Payable, Net of Current Portion	\$ 1,673,545	\$ 1,708,850

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 8 - Notes Payable: (Continued)**

Future principal payments on the notes payable are as follows:

<u>Years Ended June 30</u>		
2020	\$	34,653
2021		36,481
2022		38,408
2023		40,434
2024		42,569
Thereafter		<u>1,515,653</u>
Total	\$	<u><u>1,708,198</u></u>

**Note 9 - Net Assets With Donor Restrictions:**

Net assets with donor restrictions represent contributions received or receivable by CCS, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30:

	<u>2020</u>	<u>2019</u>
<b>Subject to Expenditure for Specified Purpose:</b>		
Development	\$ 66,084	\$ 60,000
Legal counseling and advocacy	45,174	38,335
Prevention education and advocacy	19,512	32,815
Housing and advocacy	12,894	6,712
Total Subject to Expenditure for Specified Purpose	<u>143,664</u>	<u>137,862</u>
<b>Perpetual in Nature:</b>		
Endowment (Note 10)	<u>10,368</u>	<u>10,756</u>
Total Net Assets with Donor Restrictions	<u>\$ 154,032</u>	<u>\$ 148,618</u>

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

	<u>2020</u>	<u>2019</u>
<b>Purpose Restrictions Accomplished:</b>		
Development	\$ 43,915	\$ -
Prevention education and advocacy	36,578	2,986
Legal counseling and advocacy	31,175	59,760
Housing and advocacy	8,948	7,027
<b>Endowment Distributions</b>	<u>483</u>	<u>474</u>
Total Net Assets Released From Restrictions	<u>\$ 121,099</u>	<u>\$ 70,247</u>



**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 10 - Endowment Net Assets:**

The endowment funds of CCS are held by San Diego Foundation (the “Foundation”). The Foundation manages the funds in accordance with the Uniform Prudent Management of Institutional funds Act of 2006 (UPMIFA). The Foundation’s objective is to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require CCS to retain as a fund of perpetual duration. CCS classifies net assets with donor restrictions of a perpetual nature held by the Foundation as:

- The original value of gifts donated to the fund
- The original value of CCS funds transferred to the fund
- The original value of subsequent gifts donated to the fund
- Investment income and realized, and unrealized gains and losses on investments
- Distributions from the fund in accordance with the spending policy

The Foundation has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives, while keeping risk at a level commensurate with that of the median fund in comparable foundations
- Comply with applicable laws

The Foundation’s endowment funds are invested in a portfolio of equity and debt securities, which is structured for long-term total return. The Foundation’s spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the endowment principal of any fund, at the end of each month, is less than the initial value of all contributions made to the endowment principal, then distributions will be limited to interest and dividends received.

Endowment composition by type of fund and changes in endowment net assets as of, and for, the years ended June 30:

	<u>2020</u>	<u>2019</u>
Endowment Net Assets at Beginning of Year	\$ 10,756	\$ 10,866
Change in fair value	95	364
Distributions	(483)	(474)
Endowment Net Assets at End of Year	<u>\$ 10,368</u>	<u>\$ 10,756</u>

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 11 - Commitments and Contingencies:**

**Operating Leases**

CCS leases office space in North County under a lease through April 30, 2024. CCS also leases office space in East County through March 31, 2025. In addition, CCS leases office equipment under various lease contracts expiring through July 2021. CCS leases a facility in East County for shelter and long-term emergency housing on a month-to-month basis. Rent expense under these leases totaled \$230,080 and \$207,026 for the years ended June 30, 2020 and 2019, respectively.

The following is a schedule of future minimum lease payments under the leases:

Years Ended June 30		
2021	\$	167,395
2022		137,227
2023		136,331
2024		126,423
2025		50,105
Total	\$	617,481

**Pension Plan**

CCS has established a 401K profit sharing plan (the “Plan”) for eligible employees effective July 1, 2019. The Plan allows for employee contributions up to the maximum amount allowed by the Internal Revenue Code. The Plan provides an employer match for all participating employees not to exceed 6% of compensation received during the plan year. Employer contributions totaled \$93,724 and \$-0- for the years ended June 30, 2020 and 2019, respectively, and are included in employee benefits in the statement of functional expenses.

**Contract Revenue**

Direct and indirect costs incurred by CCS and reimbursed by Federal, State, and Local agencies are subject to audit by such agencies. Management believes the results of such audits will not have a material adverse effect on the financial position or results of operations of CCS.

**Legal Matters**

CCS may be involved in legal matters that arise from time to time in the ordinary course of business. Management and legal counsel do not believe that the resolution of any of these matters would have a material impact on CCS’ financial position or change in net assets.

**CENTER FOR COMMUNITY SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 11 - Commitments and Contingencies: (Continued)**

**Payroll Protection Program Loan**

In April 2020, CCS received a loan totaling \$781,200 from the U.S. Small Business Administration, under the CARES Act Paycheck Protection Program (“PPP”), of which \$455,200 was returned in May 2020. The adjusted loan balance of \$326,000 is forgivable to the extent that CCS meets the terms and conditions of the PPP. Any portion of the loan that is not forgiven bears interest at 1% and is due in April 2022. The amount totaling \$326,000 has been included in deferred revenue at June 30, 2020. CCS expects to satisfy the terms and conditions of forgiveness of the PPP and will recognize the forgivable portion of the loan as revenue during the year ended June 30, 2021, when forgiveness has been granted by the lender.

**Coronavirus Pandemic Contingency**

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. On March 19, 2020, the Governor of California declared a health emergency and issued an order to close all nonessential businesses until further notice. CCS was not required to close its offices, as its workers were considered “essential workers” in accordance with California state guidelines. The potential impacts to CCS include disruptions or restrictions on the employee’s ability to work, and reduction in contract revenue and contributions, in addition to cancellation of special events. These conditions may have an impact on operating costs. The future effects of these issues are unknown.