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ADOLESCENT COUNSELING SERVICES

FINANCIAL STATEMENTS

for the fiscal years ended June 30, 2021 and 2020

ADOLESCENT COUNSELING SERVICES
JUNE 30, 2021 AND 2020

CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Adolescent Counseling Services:

We have audited the accompanying financial statements of Adolescent Counseling Services (ACS), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adolescent Counseling Services as of June 30, 2021 and 2020, 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.

S D Mayer & Associates, LLP

San Francisco, California
February 9, 2022

ADOLESCENT COUNSELING SERVICES

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 410,797	$ 655,966
Unconditional pledges receivable, current portion, net of allowance of $200 and $13,410 for 2021 and 2020, respectively	73,176	69,652
Grants receivable, net of allowance of $0 for 2021 and 2020	281,257	151,099
Prepaid expenses and other current assets	27,985	20,364
Total current assets	793,215	897,081
Non-Current Assets:		
Investments held in trust, at fair value	1,321,160	856,028
Property and equipment, net	-	807
Unconditional pledges receivable, noncurrent portion, net of allowance of $0 for 2021 and 2020	110,022	137,083
Other assets	13,209	7,833
Total non-current assets	1,444,391	1,001,751
Total assets	$ 2,237,606	$ 1,898,832
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 7,497	$ 53,755
Payroll and other liabilities	55,374	42,587
Notes Payable	227,355	227,355
Total current liabilities	290,226	323,697
Net Assets:		
Without donor restrictions	1,462,525	998,986
Board-designated endowment	168,005	138,649
With donor restrictions	316,850	437,500
Total net assets	1,947,380	1,575,135
Total liabilities and net assets	$ 2,237,606	$ 1,898,832

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

ADOLESCENT COUNSELING SERVICES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Without donor restrictions	Board-Designated Endowment	With donor restrictions	Total	Without donor restrictions	Board-Designated Endowment	With donor restrictions	Total
Support:								
Contributions from individuals, foundations and non-government grants	$ 245,890	$ -	$ 770,844	$ 1,016,734	$ 195,678	$ -	$ 975,912	$ 1,171,590
Government Grants	-	-	145,261	145,261	-	-	144,157	144,157
Contributed materials, Services and facilities	476,685	-	-	476,685	562,570	-	-	562,570
Total support	722,575	-	916,105	1,638,680	758,248	-	1,120,069	1,878,317
Revenue:								
Program fees	132,940	-	-	132,940	176,684	-	-	176,684
Special events	215,440	-	-	215,440	257,122	-	-	257,122
Investment gain (loss), net of expenses of $13,457 and $10,041 for 2021 and 2020, respectively	196,251	36,553	-	232,804	9,683	-	-	9,683
Other income	-	-	-	-	4	-	-	4
Net assets released from restrictions	1,036,755	-	(1,036,755)	-	847,373	-	(847,373)	-
Total revenue	1,581,386	36,553	(1,036,755)	581,184	1,290,866	-	(847,373)	443,493
Total support and revenue	2,303,961	36,553	(120,650)	2,219,864	2,049,114	-	272,696	2,321,810
Expenses:								
Program services	1,588,393	-	-	1,588,393	1,654,988		-	1,654,988
Management and General	124,760	7,197	-	131,957	125,974	7,260	-	133,234
Fundraising	127,269	-	-	127,269	144,024	-	-	144,024
Total expenses	1,840,422	7,197	-	1,847,619	1,924,986	7,260	-	1,932,246
Change in net assets	463,539	29,356	(120,650)	372,245	124,128	(7,260)	272,696	389,564
Net assets, beginning of year	998,986	138,649	437,500	1,575,135	874,858	145,909	164,804	1,185,571
Net assets, end of year	$ 1,462,525	$ 168,005	$ 316,850	$ 1,947,380	$ 998,986	$ 138,649	$ 437,500	$ 1,575,135

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

ADOLESCENT COUNSELING SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	PROGRAM					SUPPORT			
	On Campus Counseling	Substance Abuse Treatment	Community Counseling	Outlet	Total Program Services	Management and General	Fundraising	Total Support Services	Total Program and Support
Salaries and wages	$ 193,063	$ 157,933	$ 109,494	$ 324,350	$ 784,840	$ 47,773	$ 65,246	$ 113,019	$ 897,859
Benefits	7,992	6,726	7,104	23,218	45,040	16,288	3,846	20,134	65,174
Payroll Taxes	14,165	11,552	8,091	26,083	59,891	3,633	5,110	8,743	68,634
Program expenses	-	-	-	101	101	-	-	-	101
Professional fees	-	-	-	-	-	25,150	-	25,150	25,150
Contracted services	38,666	55,012	14,432	2,580	110,690	384	25,674	26,058	136,748
Supplies	372	-	-	44	416	582	798	1,380	1,796
Telephone	1,094	1,449	1,154	2,189	5,886	2,172	1,167	3,339	9,225
Postage and shipping	-	-	-	5	5	648	1,158	1,806	1,811
Occupancy	14,464	14,464	14,464	28,928	72,320	8,678	15,428	24,106	96,426
Repairs and maintenance	3,475	3,475	3,475	6,950	17,375	5,973	8,853	14,826	32,201
Printing and publications	80	113	34	70	297	360	2,025	2,385	2,682
Conferences and meetings	452	739	210	333	1,734	2,158	817	2,975	4,709
Dues and fees	-	-	-	21	21	60	-	60	81
Insurance	1,119	1,119	1,119	2,237	5,594	2,976	1,193	4,169	9,763
Miscellaneous	3,384	1,989	733	2,432	8,538	6,118	540	6,658	15,196
Fundraising expenses	-	-	-	323	323	-	4,848	4,848	5,171
Advertising	300	-	180	75	555	-	384	384	939
Bank charges	60	-	-	30	90	653	-	653	743
Depreciation	-	-	-	-	-	736	-	736	736
Other expenses	12	1,188	1,225	2,790	5,215	392	(9,818)	(9,426)	(4,211)
Contributed Services and materials	259,380	147,082	-	63,000	469,462	7,223	-	7,223	476,685
Total	$ 538,078	$ 402,841	$ 161,715	$ 485,759	$ 1,588,393	$ 131,957	$ 127,269	$ 259,226	$ 1,847,619

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

ADOLESCENT COUNSELING SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	PROGRAM					SUPPORT			
	On Campus Counseling	Substance Abuse Treatment	Community Counseling	Outlet	Total Program Services	Management and General	Fundraising	Total Support Services	Total Program and Support
Salaries and wages	$ 211,430	$ 176,334	$ 123,753	$ 301,001	$ 812,518	$ 44,129	$ 59,785	$ 103,914	$ 916,432
Benefits	22,055	8,503	9,348	23,698	63,604	7,732	5,763	13,495	77,099
Payroll Taxes	15,598	12,753	7,996	24,135	60,482	3,386	4,744	8,130	68,612
Program expenses	-	1,811	-	1,784	3,595	-	-	-	3,595
Professional fees	-	-	-	-	-	31,921	-	31,921	31,921
Contracted services	6,866	12,745	1,890	13,075	34,576	4,701	27,952	32,653	67,229
Supplies	-	574	435	137	1,146	2,447	950	3,397	4,543
Telephone	965	1,227	965	2,050	5,207	2,501	1,106	3,607	8,814
Postage and shipping	-	-	-	-	-	885	3,241	4,126	4,126
Occupancy	15,471	15,489	15,471	30,942	77,373	9,283	16,507	25,790	103,163
Repairs and maintenance	2,899	2,905	2,900	5,800	14,504	3,675	7,759	11,434	25,938
Printing and publications	-	158	-	198	356	120	2,166	2,286	2,642
Conferences and meetings	140	1,365	773	1,975	4,253	1,894	2,812	4,706	8,959
Dues and fees	-	-	-	100	100	-	-	-	100
Insurance	2,225	2,272	2,225	4,368	11,090	3,649	2,219	5,868	16,958
Miscellaneous	100	75	700	105	980	(3)	-	(3)	977
Fundraising expenses	-	-	-	12,557	12,557	242	1,280	1,522	14,079
Advertising	75	75	-	425	575	-	424	424	999
Bank charges	-	(109)	(42)	103	(48)	521	99	620	572
Depreciation	-	-	-	-	-	1,171	-	1,171	1,171
Other expenses	13	1,748	1,601	1,550	4,912	118	6,717	6,835	11,747
Contributed Services and materials	286,000	176,640	7,000	77,568	547,208	14,862	500	15,362	562,570
Total	$ 563,837	$ 414,565	$ 175,015	$ 501,571	$ 1,654,988	$ 133,234	$ 144,024	$ 277,258	$ 1,932,246

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

ADOLESCENT COUNSELING SERVICES

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 372,245	$ 389,564
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	807	1,171
Net realized and unrealized losses (gains) on investment	(225,132)	13,087
Changes in assets and liabilities:		
Unconditional pledges receivable	23,537	25,426
Grants receivable	(130,158)	84,290
Prepaid expenses and other current assets	(7,621)	(9,999)
Other assets	(5,376)	-
Accounts payable	(46,281)	45,457
Payroll and other liabilities	12,810	6,296
Net cash (used in) provided by operating activities	(5,169)	555,292
Cash flows from investing activities:		
Purchase of investments in securities	(240,000)	(133,120)
Proceeds from investments in securities	-	3,116
Net cash used in investing activities	(240,000)	(130,004)
Cash flows from financing activities:		
Proceeds from notes payable	-	227,355
Net cash provided by financing activities	-	227,355
Net (decrease) increase in cash and cash equivalents	(245,169)	652,643
Cash and cash equivalents, beginning of year	655,966	3,323
Cash and cash equivalents, end of year	$ 410,797	$ 655,966

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

1. Nature of Activities

Adolescent Counseling Services ("ACS or Organization") is a nonprofit 501(c)(3) organization, incorporated in 1975 in the state of California. ACS addresses the emotional developmental needs of adolescents and their families in Santa Clara and neighboring counties through the following programs:

The On-Campus Counseling Program: Founded in 1980, the mission of the On-Campus Counseling Program (OCCP) is to provide free counseling services for teens and their families at secondary schools. Bi-lingual services are provided when necessary and appropriate.

Adolescent Substance Abuse Treatment: is an outpatient treatment program for adolescents. A client can move progressively through three program levels or enter the program at any level according to individual need. The services are available to preteens, teens and their families, including parents and siblings on a sliding scale basis.

Community Counseling Program: Started in September 2008, the mission of the Community Counseling Program (CCP), formally known as After-School Counseling Program (ASCP), is to provide affordable out-patient assessment, treatment and education for all teens and their families in need of counseling services in our community.

Outlet: Offers support groups and leadership services to lesbian, gay, bisexual, transgender, queer/questioning, intersex, and asexual/ally+ (LGBTQIA+) youth. Outlet also works within community institutions to change how LGBTQIA+ youth are treated through its signature UNIQUE (Understanding Issues in the Queer Experience) trainings.

2. Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP").

Basis of Presentation

ACS reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions– Net assets not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that may or will be met by actions of ACS and/or passage of time. Donor restricted net assets was $316,850 and $437,500, as of June 30, 2021 and 2020, respectively.

Net assets without donor restriction include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Any net assets designated by the Board for specific purposes would also be categorized as net assets without donor restrictions. Included in this category is the board-designated endowment.

Cash and Equivalents

For purposes of the Statement of Cash Flows, ACS considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents.

Continued

2. Significant Accounting Policies, continued

Contributions

Contribution revenue is recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give – that is, those with a measurable performance or other barriers and a right of return – are not recognized until the conditions on which they depend have been met. Contributions and investment gains (losses) and income (loss) that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the 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 restriction. When a restriction expires or a condition is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions are received from individuals, foundations, schools, and local governments such as a city or county.

Revenue from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures, are recognized as revenue when the organization has incurred expenditures in compliance with specific grant provisions or when the performance obligations are met and delivered. The Organization allocates the transaction price to the specific performance obligations. No amounts of the transaction price were allocated to unsatisfied performance obligations at June 30, 2021 and 2020. Amounts received prior to incurring qualifying expenditures are recorded as deferred revenue in the statement of financial position.

Unconditional Pledges Receivable

Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivable that are expected to be collected within future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the applicable discount rates in the years in which those promises are received. Amortization of the discounts is included in grants and contributions revenue. Conditional pledges receivable are not included as support until the conditions are substantially met. At June 30, 2021 and 2020, there were no known conditional pledges receivable. An allowance for uncollectible pledges receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity.

Investments

Readily marketable equity and fixed income securities or mutual funds are carried at fair value, as determined by the last reported sales price on the date of valuation. The net investment income (loss) including changes in the fair value of investments is reflected in the statement of activities and changes in net assets. Income and realized and unrealized gains and losses on investments of endowments and similar funds are reported as changes in donor-restricted net assets if the terms of the gift require that they be added to the principal of an endowment fund in perpetuity; or if the terms of the gift impose restrictions on the use of the income; or if the funds have not been appropriated for use in operations; and as changes in net assets without donor restrictions in all other cases.

Continued

2. Significant Accounting Policies, continued

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that ACS is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d).

Accounting for Uncertainty in Income Taxes

As required by generally accepted accounting principles, ACS recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. ACS considered all tax positions for which the statute of limitations remained open and determined there were no unrecognized tax benefits as of June 30, 2021 and 2020. The fiscal years ended June 30, 2018, 2019, and 2020 are still open to audit for both federal and state purposes.

Donated Material, Services, and Facilities

Donated materials are recorded as support at their estimated fair value at the date of donation. Such donations are recorded as unrestricted support unless the donor has restricted the donated materials to a specific purpose. Donated materials amounted to $100 and $5,368 for the years ended June 30, 2021 and 2020, respectively, with a corresponding offset recorded as support expenses in the accompanying statements of functional expenses.

ACS recognizes contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ACS. Donated services amounted to $476,585 and $532,002 for the years ended June 30, 2021 and 2020, respectively, with a corresponding offset recorded as program and support expenses in the accompanying statements of functional expenses.

Donated Facilities are recorded at their estimated fair value. Donated Facilities amounted to $0 and $25,200 for the years ended June 30, 2021 and 2020, respectively, with a corresponding offset recorded as program and support expenses in the accompanying statements of functional expenses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

All acquisitions of property and equipment in excess of $5,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the furniture and equipment ranging from 5 to 10 years.

Continued

2. Significant Accounting Policies, continued

Functional Expense Allocation

Functional expenses have been allocated between Program Services and Supporting Services based on an analysis of personnel time.

Fair Value Measurement

ACS defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the assets or liabilities in an orderly transaction between market participants on the measurement date. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings or other comprehensive income when they occur. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, ACS considers the principal or most advantageous market in which ACS would transact and the market-based risk measurement or assumptions that market participants would use in pricing the assets or liability, such as inherent risk, transfer restrictions, and credit risk.

ACS applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1–quoted prices in active markets for identical assets or liabilities.

Level 2–observable inputs other than quoted price in active markets for identical assets or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3–unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Level 3 investments include beneficial interests held by others. ACS participates in the Nonprofit Investment Program offered by Silicon Valley Community Foundation (SVCF), a nonprofit public benefit corporation. SVCF accepts funds from unrelated nonprofit organizations who desire to have SVCF provide efficient investment management, programmatic expertise, and technical assistance. Assets are invested in the investment pools offered by SVCF. Investments are diversified across public and private securities. ACS may redeem its assets weekly with ten days advance notice. ACS records the estimated fair value of the level 3 investments as calculated by SVCF using available market data including market comparables and other financial data provided by third parties.

There have been no changes in Level 1, Level 2, and Level 3 and no changes in valuation techniques for these assets or liabilities for the years ended June 30, 2021 and 2020.

The carrying amounts of certain of ACS's financial instruments including cash and cash equivalents, investments, accounts receivable, unconditional pledges receivable, accounts payable, and payroll liabilities approximate fair value due either to length of maturity or interest rates that approximate prevailing market rates.

Continued

2. Significant Accounting Policies, continued

Advertising Expense

ACS's expenses advertising costs as incurred. Advertising expense amounted to $939 and $999 for the years ended June 30, 2021 and 2020, respectively.

Recent Accounting Pronouncements

During February 2016, the FASB issued ASU No. 2016-02, Leases. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing all lease transactions (with terms in excess of 12 months) on the balance sheet as a lease liability and a right-of-use asset (as defined). ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with earlier application permitted. Upon adoption, the lessee will apply the new standard on a modified retrospective approach with a number of optional practical expedients to all periods presented. The practical expedients will, in effect, continue to account for leases that commenced before the effective date in accordance with previous GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases based on the present value of the remaining minimum rental payments. ACS is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position, and cash flows.

3. Grants Receivable

Grants receivable amounted to $281,257 and $151,099 at June 30, 2021 and 2020. Based upon management's judgment, the allowance for uncollectible grants receivable amounted to $0 as of June 30, 2021 and 2020.

4. Unconditional Pledges Receivable

Unconditional pledges receivable represent pledges receivable which have been made by donors but have not yet been received. Unconditional pledges receivable due currently are reported at their net realizable value, which is estimated to approximate fair value due to their short maturity. Pledges receivable due in more than one year are recognized at fair value, based on expected collections using present value techniques and discount rates ranging from 1.84% to 4.82%. Net unconditional pledges receivable for which the time restrictions have not yet expired are recorded as net assets with donor restrictions. The allowance for uncollectible pledges receivable amounted to $200 and $13,410 as of June 30, 2021 and 2020, respectively.

Continued

4. Unconditional Pledges Receivable, continued

Total unconditional pledges receivable were as follows at June 30, 2021 and 2020:

	2021	2020
Less than one year	$ 84,345	$ 77,395
One to five years	130,687	145,220
	215,032	222,615
Less unamortized discount (1.84% - 4.82%)	(31,634)	(2,470)
Less allowance for uncollectible pledges receivable	(200)	(13,410)
Total unconditional pledges receivable	183,198	206,735
Less net unconditional pledges receivable, current	(73,176)	(69,652)
Net unconditional pledges receivable, noncurrent	$ 110,022	$ 137,083

5. Investments in Securities

Investments at June 30, 2021 and 2020 that are measured at fair value on a recurring basis consisted of the following:

	2021			
	Level 1	Level 2	Level 3	Total
Investments held in trust with SVCF	$ -	$ -	$ 1,321,160	$ 1,321,160
Total	$ -	$ -	$ 1,321,160	$ 1,321,160

	2020			
	Level 1	Level 2	Level 3	Total
Investments held in trust with SVCF	$ -	$ -	$ 856,028	$ 856,028
Total	$ -	$ -	$ 856,028	$ 856,028

The Organization did not have any financial liabilities that are measured at fair value at June 30, 2021 and 2020.

Net investment income for the years ended June 30, 2021 and 2020 consisted of:

	2021	2020
Investment Income (loss):		
Interest and dividends	$ 7,577	$ 6,637
Net realized and unrealized gains	238,684	13,087
Investment expenses and fees	(13,457)	(10,041)
Investment gain (loss), net	$ 232,804	$ 9,683

Continued

5. Investments in Securities, continued

The following table provides a reconciliation of the changes in assets that are measured at fair value and classified as Level 3 for the years ended June 30, 2021 and 2020:

	2021	2020
Beginning balance	$ 856,028	$ 739,111
Contributions	309,867	200,000
Sales	-	(70,497)
Total unrealized gains (losses)	155,265	(12,586)
Ending balance	$ 1,321,160	$ 856,028
Changes in unrealized gains (losses)	$ 155,265	$ (12,586)

6. Property and Equipment

Property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Furniture and Equipment	$ 35,811	$ 35,811
Less accumulated depreciation	(35,811)	(35,004)
Total	$ -	$ 807

Depreciation expense amounted to $807 and $1,171 for the years ended June 30, 2021 and 2020, respectively.

7. Notes Payable

On May 4, 2020, ACS received loan proceeds in the amount of approximately $227,355 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months. ACS intends to use the proceeds for purposes consistent with the PPP. Management expects this loan to be either fully or partially forgiven under the provisions of the Act (see Note 14).

8. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2021 and 2020:

	2021	2020
On Campus Counseling	$ 85,000	$ 30,000
Substance Abuse Treatment	20,000	15,000
Community Counseling	20,000	15,000
Outlet	63,500	72,500
General Purpose - Time restricted	128,350	305,000
	$ 316,850	$ 437,500

9. Net Assets Released from Restrictions

Net assets were released from donor restrictions by satisfying the conditions for the following restricted purposes or passage of time during the years ended June 30, 2021 and 2020:

	2021	2020
On Campus Counseling	$ 185,000	$ 235,000
Substance Abuse Treatment	42,500	55,000
Community Counseling	22,500	30,000
Outlet	278,408	288,340
General Purpose - Time restricted	508,347	239,033
	$ 1,036,755	$ 847,373

10. Concentration of Credit Risk

Financial instruments which potentially subject ACS to credit risk consist primarily of cash and equivalents. Cash includes deposit accounts and investments in money market funds. ACS maintains cash with major financial institutions who are members of the Federal Deposit Insurance Corporation (FDIC) and money market funds with a Company who is a member of SIPC. At times, amounts in deposit accounts may exceed FDIC limits of $250,000. ACS monitors the bank and investment balances and considers risk on a regular basis. Cash balances in excess of insurance was $186,623 and $405,966 for the years ended June 30, 2021 and 2020, respectively.

Continued

11. Board-Designated Endowments

The Organization's endowment consists principally of mutual funds, high quality equity securities, and fixed income securities established for a variety of purposes. Its endowment includes funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act (CA-UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by CA-UPMIFA.

In accordance with CA-UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the endowment funds
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policy of the Organization
(8) The limitation under California state law of appropriations to seven percent of the fair value of the endowment funds

Changes in board-designated endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Board-designated endowment net assets, beginning of year	$ 138,649	$ 145,909
Investment return:		
Investment income, net of expenses	(869)	368
Net appreciation	37,422	(374)
Total investment return	36,553	(6)
Total current year activity	36,553	(6)
Amounts appropriated for expenditure	(7,197)	(7,254)
Board-designated endowment net assets, end of year	$ 168,005	$ 138,649

Continued

11. Board-Designated Endowments, continued

Endowment Investment and Spending Policy

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include board-designated funds. The primary objective for board-designated funds shall also be protection of capital, but with a higher tolerance for risk and a higher emphasis on return. Liquidity is not a priority since the Organization does not expect to expend these board-designated funds on short-notice. The Organization invests these board-designated funds in securities and mutual funds such as diversified stock and bond portfolios but not in highly speculative investments. When investing all endowment funds, management of the Organization bears in mind the "prudent investor rule". Under the "prudent investor rule", the Organization has a fiduciary responsibility to donor-restricted funds similar to that of a trustee to a beneficiary. Accordingly, the Organization is subject to the trust law concept that a trustee should invest a beneficiary's funds as a prudent investor would invest their own funds. If there are donor-specific investment guidelines, those guidelines supersede the investment policy of the Organization, and the Organization shall adhere to those guidelines.

Historically, under the Board of Directors and Finance Committee guidelines, the annual distribution from the endowment is targeted at 5% of the beginning of the year balance of the endowment. The Organization reserves the right to modify the spending policy. To achieve the Organization's distribution policy, the endowment assets are invested in a portfolio comprised of cash equivalents, equity securities, fixed income securities, and mutual funds. The portfolio is designed to maximize long-term total investment return while maximally supporting the Organization's endowment project.

12. Commitments

On November 9, 2015, the entity entered into a lease agreement with Bayport Plaza, LLC for office space in Redwood City, California. The term of the lease is two years commencing on March 1, 2016, and expiring on February 28, 2018 with a base rent of $7,605. Beginning March 1, 2016, the minimum base rent will be $7,605 for months 1 to 12 and $7,833 for months 13 to 24. ACS renewed the lease for three more years. The lease requires monthly payments averaging approximately $8,300 with a commencement date of March 1, 2018, and expiration date of February 28, 2021.

On February 19, 2021, the entity entered into a sublease agreement with PCF Insurance Services of the West, LLC, for office space at Bayport Plaza in Redwood City, California. The term of the lease is two years commencing on February 19, 2021, and expiring on January 30, 2023 with a base rent of $5,220, increasing to $5,377 in March 2022.

Total payments for the administrative offices and outpatient programs under all of these leases for the years ended June 30, 2021 and 2020 amounted to $93,725 and $100,840, respectively.

The following schedule represents the future minimum lease payments at June 30:

2022	$ 76,040
2023	59,990
Total future minimum lease payments	$ 136,030

Continued

13. Liquidity and availability of Resources

On June 30, 2021, the Organization has $2,086,390 of financial assets available within one year from the statement of financial position date to meet cash needs for general expenditures consisting of cash of $410,797, investments of $1,321,160, accounts and grants receivable of $281,257 and short-term pledges receivable of $73,176. On June 30, 2020, the Organization has $1,732,745 of financial assets available within one year from the statement of financial position date to meet cash needs for general expenditures consisting of cash of $655,966, investments of $856,028, accounts and grants receivable of $151,099 and short-term pledges receivable of $69,652. None of the financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Organization has a goal to maintain financial assets on hand to meet around six months of normal operating expenses, which are on average approximately $160,000 a month. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

14. Subsequent Events

ACS evaluated subsequent events for recognition and disclosure through February 9, 2022, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in these financial statements, other than what is listed below.

On December 22, 2021, the Organization was notified of the partial forgiveness of their PPP loan. $193,563 of the $227,355 loan was forgiven. The Organization will repay the remaining $33,792 over five installments, beginning January 5, 2022 and ending May 5, 2022. Each payment will be $6,882.47.

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