SD Mayer & Associates, LLP
235 Montgomery Street, 26th Floor
San Francisco, CA 94104

415-691-4040 Main
sdmayer.com

ADOLESCENT COUNSELING SERVICES

FINANCIAL STATEMENTS

for the fiscal years ended June 30, 2023 and 2022

ADOLESCENT COUNSELING SERVICES
JUNE 30, 2023 AND 2022

CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Adolescent Counseling Services:

Opinion

We have audited the accompanying financial statements of Adolescent Counseling Services (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adolescent Counseling Services as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Adolescent Counseling Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Responsibility of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Adolescent Counseling Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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INDEPENDENT AUDITORS' REPORT - CONTINUED

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Adolescent Counseling Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Adolescent Counseling Services' ability to continue as a going concern for a reasonable period of time.

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

S D Mayer & Associates, LLP

San Francisco, California
May 22, 2024

ADOLESCENT COUNSELING SERVICES

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 236,549	$ 412,183
Unconditional pledges receivable, current portion, net of allowance of $13,524 and $9,198 for 2023 and 2022, respectively	91,660	86,720
Grants receivable, net of allowance of $0 for 2023 and 2022	496,481	346,900
Prepaid expenses and other current assets	10,912	10,733
Total current assets	835,602	856,536
Non-Current Assets:		
Investments held in trust, at fair value	1,819,007	1,297,038
Property and equipment, net	5,861	-
Unconditional pledges receivable, noncurrent portion, net of net of allowance of $0 for 2023 and 2022	162,922	163,180
Operating lease right of use asset	496,164	-
Other assets	7,735	6,676
Total non-current assets	2,491,689	1,466,894
Total assets	$ 3,327,291	$ 2,323,430
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 18,280	$ 9,289
Payroll and other liabilities	85,393	61,527
Operating lease liability, current portion	60,221	-
Total current liabilities	163,894	70,816
Operating lease liability, long-term portion	439,008	-
Total liabilities	602,902	70,816
Net Assets:		
Without donor restrictions	2,110,839	1,720,580
Board-designated endowment	233,550	162,034
With donor restrictions	380,000	370,000
Total net assets	2,724,389	2,252,614
Total liabilities and net assets	$ 3,327,291	$ 2,323,430

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, 2023 AND 2022

	2023				2022			
	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	$ 212,376	$ 65,000	$ 1,116,534	$ 1,393,910	$ 207,790	$ 20,000	$ 982,869	$ 1,210,659
Government grants	-	-	131,282	131,282	-	-	125,261	125,261
Contributed materials, services and facilities	562,793	-	-	562,793	515,623	-	-	515,623
Total support	775,169	65,000	1,247,816	2,087,985	723,413	20,000	1,108,130	1,851,543
Revenue:								
Program fees	122,079	-	-	122,079	150,184	-	-	150,184
Special events	290,586	-	-	290,586	287,365	-	-	287,365
Investment gain (loss), net of expenses of $698 and $4,609 for 2023 and 2022, respectively	130,677	6,516	-	137,193	(157,734)	(18,376)	-	(176,110)
PPP loan forgiveness	-	-	-	-	193,563	-	-	193,563
Net assets released from restrictions	1,237,816	-	(1,237,816)	-	1,054,980	-	(1,054,980)	-
Total revenue	1,781,158	6,516	(1,237,816)	549,858	1,528,358	(18,376)	(1,054,980)	455,002
Total support and revenue	2,556,327	71,516	10,000	2,637,843	2,251,771	1,624	53,150	2,306,545
Expenses:								
Program services	1,876,075	-	-	1,876,075	1,725,163		-	1,725,163
Management and General	139,356	-	-	139,356	125,204	7,595	-	132,799
Fundraising	150,637	-	-	150,637	143,349	-	-	143,349
Total expenses	2,166,068	-	-	2,166,068	1,993,716	7,595	-	2,001,311
Change in net assets	390,259	71,516	10,000	471,775	258,055	(5,971)	53,150	305,234
Net assets, beginning of year	1,720,580	162,034	370,000	2,252,614	1,462,525	168,005	316,850	1,947,380
Net assets, end of year	$ 2,110,839	$ 233,550	$ 380,000	$ 2,724,389	$ 1,720,580	$ 162,034	$ 370,000	$ 2,252,614

ADOLESCENT COUNSELING SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	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	$ 231,705	$ 191,688	$ 147,342	$ 346,183	$ 916,918	$ 51,935	$ 74,823	$ 126,758	$ 1,043,676
Benefits	5,822	17,765	6,357	23,394	53,338	10,043	14,957	25,000	78,338
Payroll Taxes	17,031	14,161	10,719	26,069	67,980	3,907	6,154	10,061	78,041
Program expenses	104	833	-	-	937	-	-	-	937
Professional fees	-	-	-	-	-	28,750	-	28,750	28,750
Contracted services	59,104	58,481	25,060	25,486	168,131	5,959	4,754	10,713	178,844
Supplies	20	252	21	1,150	1,443	3,687	498	4,185	5,628
Telephone	815	1,184	812	1,625	4,436	1,649	867	2,516	6,952
Postage and shipping	-	-	-	-	-	240	1,674	1,914	1,914
Occupancy	9,954	9,954	9,954	19,908	49,770	9,040	10,617	19,657	69,427
Repairs and maintenance	2,088	2,088	2,088	4,177	10,441	7,165	7,462	14,627	25,068
Printing and publications	-	-	-	69	69	360	1,721	2,081	2,150
Conferences and meetings	236	977	197	2,029	3,439	2,612	6,085	8,697	12,136
Insurance	1,779	1,779	1,779	3,557	8,894	3,373	1,897	5,270	14,164
Miscellaneous	460	912	274	309	1,955	6,803	-	6,803	8,758
Fundraising expenses	-	-	-	21,153	21,153	153	11,694	11,847	33,000
Advertising	488	668	75	-	1,231	468	105	573	1,804
Bank charges	-	-	-	-	-	293	-	293	293
Depreciation	-	-	-	-	-	533	-	533	533
Other expenses	10	1,123	1,409	2,968	5,510	23	7,329	7,352	12,862
Contributed Services and materials	295,090	120,720	24,400	120,220	560,430	2,363	-	2,363	562,793
Total	$ 624,706	$ 422,585	$ 230,487	$ 598,297	$ 1,876,075	$ 139,356	$ 150,637	$ 289,993	$ 2,166,068

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, 2022

	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	$ 215,093	$ 179,089	$ 126,510	$ 356,801	$ 877,493	$ 50,362	$ 73,531	$ 123,893	$ 1,001,386
Benefits	8,164	9,932	3,655	31,892	53,643	2,665	12,843	15,508	69,151
Payroll Taxes	15,125	12,874	9,571	27,279	64,849	3,788	6,419	10,207	75,056
Program expenses	-	582	-	57	639	430	-	430	1,069
Professional fees	-	-	-	-	-	28,350	-	28,350	28,350
Contracted services	31,493	31,769	29,255	20,080	112,597	11,904	703	12,607	125,204
Supplies	665	217	57	1,018	1,957	1,223	303	1,526	3,483
Telephone	889	985	889	1,779	4,542	2,475	949	3,424	7,966
Postage and shipping	-	-	-	-	-	330	2,205	2,535	2,535
Occupancy	9,868	9,868	9,868	19,735	49,339	5,921	10,525	16,446	65,785
Repairs and maintenance	3,775	3,525	3,525	7,050	17,875	5,027	8,407	13,434	31,309
Printing and publications	58	390	73	122	643	712	1,217	1,929	2,572
Conferences and meetings	208	2,262	295	853	3,618	1,302	2,179	3,481	7,099
Dues and fees	-	-	-	21	21	-	-	-	21
Insurance	1,525	1,525	1,525	3,049	7,624	3,284	1,626	4,910	12,534
Miscellaneous	224	147	1,122	474	1,967	-	-	-	1,967
Fundraising expenses	-	-	-	16,055	16,055	41	12,888	12,929	28,984
Advertising	375	1,666	300	-	2,341	384	-	384	2,725
Bank charges	-	-	-	15	15	300	-	300	315
Interest expense	-	-	-	-	-	621	-	621	621
Other expenses	8	1,314	1,328	5,595	8,245	97	9,214	9,311	17,556
Contributed Services and materials	281,600	115,720	13,840	90,540	501,700	13,583	340	13,923	515,623
Total	$ 569,070	$ 371,865	$ 201,813	$ 582,415	$ 1,725,163	$ 132,799	$ 143,349	$ 276,148	$ 2,001,311

ADOLESCENT COUNSELING SERVICES

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 471,775	$ 305,234
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	533	-
Operating lease right of use asset	(496,164)	-
Forgiveness of PPP loan	-	(193,563)
Net realized and unrealized losses (gains) on investment	(112,655)	184,122
Changes in assets and liabilities:		
Unconditional pledges receivable	(4,682)	(66,702)
Grants receivable	(149,581)	(65,643)
Prepaid expenses and other current assets	(179)	17,252
Other assets	(1,059)	6,533
Accounts payable	8,991	1,792
Operating lease liability	499,229	-
Payroll and other liabilities	23,866	6,153
Net cash provided by operating activities	240,074	195,178
Cash flows from investing activities:		
Purchase of investments	(409,314)	(160,000)
Purchase of property and equipment	(6,394)	-
Net cash used in investing activities	(415,708)	(160,000)
Cash flows from financing activities:		
Payments on notes payable	-	(33,792)
Net cash used in financing activities	-	(33,792)
Net increase (decrease) in cash and cash equivalents	(175,634)	1,386
Cash and cash equivalents, beginning of year	412,183	410,797
Cash and cash equivalents, end of year	$ 236,549	$ 412,183
Supplemental disclosure:		
Interest paid	$ -	$ 621
Operating right of use asset	$ 496,164	$ -

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 $380,000 and $370,000, as of June 30, 2023 and 2022, 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.

2. Significant Accounting Policies, continued

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.

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, 2023 and 2022. 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, 2023 and 2022, 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.

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, 2023 and 2022. The fiscal years ended June 30, 2019, 2020, 2021, and 2022 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 in the statement of activities and changes in net assets amounted to $0 and $340 for the years ended June 30, 2023 and 2022, 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 in the statement of activities and changes in net assets amounted to $562,793 and $515,283 for the years ended June 30, 2023 and 2022, 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.

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. In February 2022, ACS moved its investment fund to Charles Schwab. In March 2023, ACS moved its endowment fund to Charles Schwab.

There have been no significant changes in valuation techniques for these assets or liabilities for the years ended June 30, 2023 and 2022.

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.

2. Significant Accounting Policies, continued

Advertising Expense

ACS's expenses advertising costs as incurred. Advertising expense amounted to $1,804 and $2,725 for the years ended June 30, 2023 and 2022, respectively.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, leases (Topic 842), which requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statement of financial positions. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, less any lease incentives received. All right-of-use assets are reviewed for impairment. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, the risk-free rate for the same term as the underlying lease. The Organization implemented this standard effective July 1, 2022.

3. Grants Receivable

Grants receivable amounted to $496,481 and $346,900 at June 30, 2023 and 2022, respectively. Based upon management's judgment, the allowance for uncollectible grants receivable amounted to $0 as of June 30, 2023 and 2022.

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 $13,524 and $9,198 as of June 30, 2023 and 2022, respectively.

Total unconditional pledges receivable were as follows at June 30, 2023 and 2022:

	2023	2022
Less than one year	$104,396	$ 104,760
One to five years	192,960	180,720
	297,356	285,480
Less unamortized discount (1.84% - 4.82%)	(29,250)	(26,382)
Less allowance for uncollectible pledges receivable	(13,524)	(9,198)
Total unconditional pledges receivable	254,582	249,900
Less net unconditional pledges receivable, current	(91,660)	(86,720)
Net unconditional pledges receivable, noncurrent	$ 162,922	$ 163,180

5. Investments, at Fair Value

Investments at June 30, 2023 and 2022 that are measured at fair value on a recurring basis consisted of the following:

	2023			
	Level 1	Level 2	Level 3	Total
Cash Equivalents	$ 234,040	$ -	$ -	$ 234,040
Bond Funds	27,846	-	-	27,846
Equity Funds	201,895	-	-	201,895
Exchange Traded Funds	1,355,226	-	-	1,355,226
Total	$1,819,007	$ -	$ -	$ 1,819,007

	2022			
	Level 1	Level 2	Level 3	Total
Cash Equivalents	$ 135,228	$ -	$ -	$ 135,228
Bond Funds	204,683	-	-	204,683
Equity Funds	118,956	-	-	118,956
Exchange Traded Funds	676,137	-	-	676,137
Investments held in trust with SVCF	-	-	162,034	162,034
Total	$1,135,004	$ -	$ 162,034	$ 1,297,038

The Organization did not have any financial liabilities that are measured at fair value at June 30, 2023 and 2022.

Net investment income for the years ended June 30, 2023 and 2022 consisted of:

	2023	2022
Investment Income (loss):		
Interest and dividends	$ 25,236	$ 7,543
Net realized and unrealized (losses) gains	112,655	(179,044)
Investment expenses and fees	(698)	(4,609)
Investment gain (loss), net	$ 137,193	$ (176,110)

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, 2023 and 2022:

5. Investments, at Fair Value, continued

	2023	2022
Beginning balance	$ 162,034	$ 1,321,160
Contributions	-	135,506
Transfers out of Level 3	(162,034)	(1,175,150)
Total unrealized (losses) gains	-	(119,482)
Ending balance	$ -	$ 162,034
Changes in unrealized (losses) gains	$ -	$ (119,482)

6. Property and Equipment

Property and equipment consisted of the following at June 30, 2023 and 2022:

	2023	2022
Furniture and Equipment	$ 21,533	$ 22,015
Less accumulated depreciation	(15,672)	(22,015)
Total	$ 5,861	$ -

Depreciation expense amounted to $533 and $0 for the years ended June 30, 2023 and 2022, respectively.

7. Operating Leases

The School implemented ASC 842 at the beginning of the current fiscal year which resulted in recording an operating lease right of use asset and a lease liability for the year ended June 30, 2023.

Supplemental information related to the operating lease as of year ended June 30, 2023 are as follows:

Operating lease right of use asset	$ 496,164
Operating lease liability - current	60,221
Operating lease liability - long tern	439,008
Total operating lease liability	$ 499,229
Weighted average discount rate	3.43%
Weighted average remaining lease term (in years)	7

7. Operating Leases, continued

The maturities of operating lease liability as of June 30, 2023 were as follows:

June 30, 2024	$ 76,413
June 30, 2025	78,512
June 30, 2026	81,069
June 30, 2027	83,506
June 30, 2028	86,008
Thereafter	156,627
Total minimum lease payments	562,135
Less amount representing interest	(62,906)
Present value of lease liability	499,229
Less current portion of lease liability	(60,221)
Lease liability - long term	$ 439,008

Lease expense for the years ended June 30, 2023 and 2022 was $66,772 and $63,266, respectively.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2023 and 2022:

	2023	2022
On Campus Counseling	$ 85,000	$ 97,500
Substance Abuse Treatment	20,000	20,000
Community Counseling	20,000	20,000
Outlet	75,000	85,000
General Purpose - Time restricted	180,000	147,500
	$ 380,000	$ 370,000

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, 2023 and 2022:

	2023	2022
On Campus Counseling	$ 367,500	$ 345,000
Substance Abuse Treatment	50,000	60,000
Community Counseling	20,000	20,000
Outlet	322,682	242,230
General Purpose - Time restricted	477,634	387,750
	$ 1,237,816	$ 1,054,980

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 $29,095 and $141,649 for the years ended June 30, 2023 and 2022, respectively.

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

11. Board-Designated Endowments, continued

Changes in board-designated endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Board-designated endowment net assets, beginning of year	$ 162,034	$ 168,005
Investment return:		
Investment income (loss), net of expenses	6,516	(270)
Net appreciation (depreciation)	-	(18,106)
Total investment return	6,516	(18,376)
Contributions	65,000	20,000
Total current year activity	71,516	1,624
Amounts appropriated for expenditure	-	(7,595)
Board-designated endowment net assets, end of year	$ 233,550	$ 162,034

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. Liquidity and Availability of Resources

On June 30, 2023, the Organization has $824,690 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 $236,549, grants receivable of $496,481 and short-term pledges receivable of $91,660.

On June 30, 2022, the Organization has $845,803 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 $412,183, grants receivable of $346,900 and short-term pledges receivable of $86,720.

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 $174,000 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 May 22, 2024 , the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in these financial statements.