



**CONSOLIDATED FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED JUNE 30, 2023**

**WEST BAY PILIPINO MULTI-SERVICES, INC.**

**JUNE 30, 2023**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
WEST BAY PILIPINO MULTI-SERVICES, INC.

**Opinion**

We have audited the accompanying consolidated financial statements of WEST BAY PILIPINO MULTI-SERVICES, INC. (a nonprofit organization) and an Affiliate, West Bay Pilipino Support Foundation, (the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of WEST BAY PILIPINO MULTI-SERVICES, INC. and Affiliate as of June 30, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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



*Tryna Accountancy Corporation*

Oakland, California

March 8, 2024

**WEST BAY PILIPINO MULTI-SERVICES, INC.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,816,064	\$ 150,000	\$ 3,966,064
Pledges receivable, current	273,569	-	273,569
Prepaid expenses	4,096	-	4,096
Other	37,459	-	37,459
<b>TOTAL CURRENT ASSETS</b>	<b>4,131,188</b>	<b>150,000</b>	<b>4,281,188</b>
Property and equipment, net	7,033,509	-	7,033,509
Pledges receivable, net of current	-	20,000	20,000
Note receivable	8,278,100	-	8,278,100
<b>TOTAL ASSETS</b>	<b>\$ 19,442,797</b>	<b>\$ 170,000</b>	<b>\$ 19,612,797</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,435,412	\$ -	\$ 1,435,412
Accrued vacation	32,007	-	32,007
Retirement liabilities	3,566	-	3,566
Note payable, current	984,765	-	984,765
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,455,750</b>	<b>-</b>	<b>2,455,750</b>
Note payable, net of current	11,164,296	-	11,164,296
<b>TOTAL LIABILITIES</b>	<b>\$ 13,620,046</b>	<b>\$ -</b>	<b>\$ 13,620,046</b>
<b>NET ASSETS</b>			
Without donor restrictions			
Undesignated	5,822,751	-	5,822,751
With donor restrictions			
Purposes and time restrictions	-	170,000	170,000
<b>TOTAL NET ASSETS</b>	<b>5,822,751</b>	<b>170,000</b>	<b>5,992,751</b>
<b>TOTAL LIABILITIES and NET ASSETS</b>	<b>\$ 19,442,797</b>	<b>\$ 170,000</b>	<b>\$ 19,612,797</b>

See independent auditor's report and accompanying notes to consolidated financial statements.

**WEST BAY PILIPINO MULTI-SERVICES, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Foundations	\$ 382,125	\$ -	\$ 382,125
Government grants and contracts	2,986,990	-	2,986,990
Individual and corporate support	10,284	-	10,284
Rental income	18,150	-	18,150
In-kind	237,036	-	237,036
Special event revenue	26,771	-	26,771
Interest, note receivable	74,506	-	74,506
Net assets released from restrictions	10,000	(10,000)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>3,745,862</b>	<b>(10,000)</b>	<b>3,735,862</b>
<b>EXPENSES</b>			
Program services	1,685,986	-	1,685,986
Management and general	185,879	-	185,879
Fundraising	158,625	-	158,625
<b>TOTAL EXPENSES</b>	<b>2,030,490</b>	<b>-</b>	<b>2,030,490</b>
Change in net assets	1,715,372	(10,000)	1,705,372
NET ASSETS, beginning of year	4,107,379	180,000	4,287,379
NET ASSETS, end of year	\$ 5,822,751	\$ 170,000	\$ 5,992,751

See independent auditor's report and accompanying notes to consolidated financial statements.

**WEST BAY PILIPINO MULTI-SERVICES, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Program	Supporting		Total
		Management and General	Fundraising	
Salaries and wages	\$ 727,542	\$ 79,852	\$ 79,852	\$ 887,246
Payroll taxes	57,955	6,361	6,361	70,677
Employee benefits	76,774	8,427	8,427	93,628
Workers' compensation	5,656	621	621	6,898
Dues and fees	15,344	1,684	1,684	18,712
Program expenses	345,669	2,378	2,378	350,425
Stipends	5,897	-	-	5,897
Small equipment	1,407	154	154	1,715
Postage and printing	1,060	117	117	1,294
Telephone and internet	3,529	360	360	4,249
Travel and mileage	25,968	-	-	25,968
Insurance	13,892	1,525	1,525	16,942
Rent	88,778	10,232	10,231	109,241
Outside services	78,270	16,091	9,091	103,452
Office supplies	1,328	146	146	1,620
Taxes and licenses	-	40,322	-	40,322
Utilities	5,699	627	627	6,953
Meals and entertainment	93,299	-	-	93,299
Depreciation	19,462	2,136	2,136	23,734
Building maintenance	18,583	2,039	2,039	22,661
Bad debt	58,424	6,413	6,413	71,250
Special event	-	-	21,570	21,570
Interest and amortization	40,020	4,393	4,393	48,806
Donation related	-	500	500	1,000
Other expenses	1,430	1,501	-	2,931
<b>TOTAL EXPENSES</b>	<b>\$ 1,685,986</b>	<b>\$ 185,879</b>	<b>\$ 158,625</b>	<b>\$ 2,030,490</b>

See independent auditor's report and accompanying notes to consolidated financial statements.

**WEST BAY PILIPINO MULTI-SERVICES, INC.**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 1,705,372
Adjustments to reconcile change in net assets to net cash provided /(used) by operating activities:	
Depreciation	23,734
Bad debt	71,250
(Increase) decrease in operating assets:	
Pledges receivable	(46,313)
Prepaid expenses	(310)
Increase (decrease) in operating liabilities:	
Accounts payable	1,433,406
Accrued vacation	11,365
Retirement liabilities	(621)
Net cash provided/ (used) by operating activities	<u>3,197,883</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment	(3,573,555)
Note receivable - Leverage loan, net	(8,315,559)
Net cash provided/ (used) by investing activities	<u>(11,889,114)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from loan - QLICI, net	11,164,296
Proceeds from loan - United Playaz, net	75,000
Proceeds from loan - Source, net	909,765
Net cash provided/ (used) by financing activities	<u>12,149,061</u>
Net change in cash and cash equivalents	3,457,830
Cash and cash equivalents, beginning of year	
Unrestricted cash and cash equivalents	328,234
Restricted cash and cash equivalents	180,000
Total cash and cash equivalents, beginning of year	<u>508,234</u>
Cash and cash equivalents, end of year	
Unrestricted cash and cash equivalents	3,816,064
Restricted cash and cash equivalents	150,000
Total cash and cash equivalents, end of year	<u>\$ 3,966,064</u>

See independent auditor's report and accompanying notes to consolidated financial statements.



**WEST BAY PILIPINO MULTI-SERVICES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES**

West Bay Pilipino Multi-Service Corporation was incorporated on October 21, 1977, as a nonprofit corporation under the laws of the State of California. In 2005, West Bay Pilipino Multi-Service Corporation changed its name to WEST BAY PILIPINO MULTI-SERVICES, INC.

WEST BAY PILIPINO MULTI-SERVICES, INC. (the Organization) provides culturally sensitive out of school time program services to enhance the quality of life of underserved youth, and their families. The Organization helps all youth, seniors, and their families have the knowledge, skill set and resources to do and be whatever they want to be by providing wraparound after-school services to youth's parents and support systems. The Organization provides advocacy on issues including housing, health, employment, criminal justice, and discrimination that affect, directly or indirectly, the socio-economic disadvantaged population residing in San Francisco, with a special emphasis of the Pilipino residents.

**NOTE 2. DESCRIPTION OF PROGRAM ACTIVITIES**

The Organization provides various program activities within one program. These activities include:

*Academic Enrichment* - The Organization provides free after school programming focusing on academic enrichment, mentorship, and Filipino cultural values. The academic enrichment activities aim to support youth academically, socially, emotionally, and culturally and promote college readiness.

*Mentorship* - The academic mentors are called Kuyas and Ates, meaning older brother and older sister. The activity indirectly and directly shares the consistent message to youth that they are all going to college because their Kuyas and Ates are or have been in college. Also, the academic mentors teach the importance of giving back to the community.

*College Preparatory* - The college preparatory activities' overall goal is to promote college readiness for high school aged youth in SoMa. The Organization is providing holistic culturally sensitive enrichment support, ancillary academic support service workshops, social emotional and culturally sensitive support workshops, financial literacy workshops, professional, career and leadership development opportunities and college field trips.

*Family Support* - Case management services are offered to youth and their parents. By helping the youth succeed, the Organization helps the families to become socially, emotionally, and financially stable.

*Senior Support* - These activities focus on improving quality of life and making healthy lifestyle choices through food distribution, health and wellness workshops, and recreational activities.

### **NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### *Principle of Consolidation*

The consolidated financial statements include the activities of one commonly controlled non-profit foundation, West Bay Pilipino Support Foundation, that was incorporate in California on June 6, 2022. All material intercompany balances and transactions have been eliminated from the consolidated financial statements.

#### *Basis of Accounting*

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

#### *Adoption of New Accounting Pronouncement*

The Organization adopted Accounting Standards Codification ("ASC") 842, "Leases" ("ASC 842") for the year ended June 30, 2023, using the modified retrospective transition method and used the effective date as the date of initial application. The Organization elected the "package of practical expedients," which permits not to reassess under ASC 842 prior conclusions about lease identification, lease classification and initial direct costs. The Organization made a policy election not to separate non-lease components from lease components, therefore, the Organization accounts for lease and non-lease components as a single lease component. The Organization elected the short-term lease recognition exemption for all leases that qualify.

The Organization determines if a contract contains a lease at inception of the arrangement based on whether there is the right to obtain substantially all of the economic benefits from the use of an identified asset and whether the Organization have the right to direct the use of an identified asset in exchange for consideration. Right of use ("ROU") assets represents the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets are recognized as the lease liability, adjusted for lease incentives received. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is risk-free discount rate, which is determined using a period comparable with lease term, because the interest rate implicit in most of the leases is not readily determinable. Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the lease liability calculation.

Variable lease payments may include costs such as common area maintenance, utilities, real estate taxes or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred.

### **NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *Adoption of New Accounting Pronouncement (Continued)*

Operating leases are included in operating lease ROU assets, operating lease liabilities, current and operating lease liabilities, non-current on the statement of financial position. Finance leases are included in property and equipment, net, accrued and other current liabilities, and other long-term liabilities on the statement of financial position. For operating leases, lease expense is recognized on a straight-line basis in operations over the lease term. For finance leases, lease expense is recognized as depreciation and interest; depreciation on a straight-line basis over the lease term and interest using the effective interest method.

The Organization has evaluated its lease situation under the new standard and found it to be not applicable.

#### *Property, Equipment and Depreciation*

All acquisitions of property and equipment in excess of \$2,500 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions 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 restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives of three to thirty-nine years.

#### *Cash and Cash Equivalents*

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short maturity of those instruments.

#### *Net Assets*

Consolidated financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve or board-designated endowment.

The Organization did not have board designated net assets as of June 30, 2023.

### **NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *Net Assets (Continued)*

*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 those 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.

The Organization did not have net assets with donor-imposed restrictions perpetual in nature as of June 30, 2023.

#### *Donated Services and Assets*

Generally accepted accounting principles (GAAP) allow recognition of contributed services only if the services (a) create or enhance non-financial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Donated property and equipment are also recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated assets 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 contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

The Organization reclassifies net assets with donor restriction to net assets without donor restrictions at that time.

#### *Estimates*

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *Contributions and Contributions Receivable*

Contributions are recognized as revenue when received or unconditionally promised. Contributions received are recorded as support with donor restrictions and without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional pledges are recognized as receivables and revenue when the conditions on which they depend are substantially met.

Contributions receivables are stated as unpaid balances, less an allowance for doubtful accounts. The Organization uses the allowance method to determine uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization charges off uncollectible contributions receivable when management determines amounts are not collectable. No allowance was recorded as of June 30, 2023, since all amounts are expected to be collected in full.

#### *Revenue Recognition*

The Organization recognizes revenue on the accrual basis of accounting. Service income is recognized as revenue in the period in which the service is provided. The Organization's primary revenue sources are grants and contributions.

The Organization contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable government contracts, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

As of June 30, 2023, \$900,000 of contributions have not been recognized in the accompanying consolidated statement of activities because the condition on which they depend, appropriate use of funds, has not yet been met.

#### *Interest*

Interest income represents interest earned on the note receivable and recorded on the consolidated statement of activities.

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Advertising Expenses*

Advertising costs are expensed when the advertising first occurs. The Organization had no advertising expenses for the year ended June 30, 2023.

#### *Functional Allocation of Expenses*

The costs of providing various program activities and other activities are summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program activity or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on the management estimate. Management and general expenses include those costs that are not directly identifiable with any specific program activity, but which provide for the overall support and direction of the Organization. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which the Organization delivers its program services, rents are allocated based on staff hours devoted to each program activity or function. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support services, are allocated based on the management's best estimate.

The main categories of expenses are allocated as following:

Expenses	Method of Allocation
Salaries, wages and related	Time and effort
Program expenses	Time and approved budget
Outside services	Time and effort
Meals and entertainment	Direct cost and budget
Donation related	Direct cost

#### *Fair Value of Financial Instruments*

The following methods and assumptions were used by the Organization in establishing the fair value of its consolidated financial statements: the carrying amounts of cash, pledges receivable, prepaid expenses, deposits, and accounts payable, accrued expenses, and other current liabilities approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables and payables are approximately fair value as these receivables and payables earn or are charged interest based on the prevailing rates.

#### *Fair Value Measurements*

The Organization adopted the provisions for fair value measurements contained in the Accounting Standards Codification ASC 820, Fair Value Measurements and Disclosures. This standard applies to financial instruments and defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price)." The standard establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820, among other things, requires maximizing the use of observable inputs and minimizing the use of unobservable inputs when measuring fair value.

### **NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *Fair Value Measurements (Continued)*

ASC 820 discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The statement utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

*Level 1* – Valuation is based upon quoted prices for identical instruments traded in active markets.

*Level 2* – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

*Level 3* – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flows models and similar techniques.

As of June 30, 2023, the Organization did not have any assets measured at fair value.

#### *Income Tax Status*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from California franchise taxes under similar state provisions. It is the opinion of management that all income earned has been related to the Organization tax-exempt status, and there has been no unrelated business income.

ASC 740-10 requires an organization to determine whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. The Organization has no assets or liabilities related to uncertain tax positions.

#### *Prepaid Expenses*

Prepaid expenses are amortized over the period of future benefit.

#### *Loan Fees*

Loan fees consist of an advisory fee, attorneys' fees, and other miscellaneous costs incurred in connection with the NMTC transaction. These costs are being amortized using the straight-line method over its estimated useful life of seven years and are included in interest expense.

#### NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation as of June 30, 2023 consists of the following:

Land	\$	2,187,500
Building		4,896,604
Less accumulated depreciation		<u>(50,595)</u>
Total	\$	<u><u>7,033,509</u></u>

Depreciation expense for the year ended June 30, 2023 is \$23,734.

#### NOTE 5. SPECIAL EVENT

The Organization had one special event on October 26, 2022, West Bay's 54th Anniversary Fundraiser.

The Organization's special event activity for the year ended June 30, 2023 are as follow:

Donations	\$	26,771
Total revenue		<u>26,771</u>
Rent		7,717
Food		6,690
Entertainment		750
Other operating expense		<u>6,413</u>
Total expense		<u>21,570</u>
Net proceeds	\$	<u><u>5,201</u></u>

#### NOTE 6. ACCRUED VACATION

Accrued vacation consists of accrued unpaid employee vacation benefits which are recognized as liabilities of the Organization. The accrued vacation is based on vacation hours earned and current pay rates. The value of accrued vacation at June 30, 2023 is \$32,007.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulate sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the Organization because payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenses in the period sick leave is taken.

#### NOTE 7. IN-KIND CONTRIBUTIONS AND VOLUNTEER SERVICES

Donated services are recognized as contributions 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 the organization.

During the year ended June 30, 2023, the Organization received donated services from five unpaid board members who provided 480 hours assisting in board services that do not satisfy the criteria for recognition under *FASB ASC 958-605-25-16*.



## NOTE 7. IN-KIND CONTRIBUTIONS AND VOLUNTEER SERVICES (Continued)

Additionally, the Organization received in-kind support during the year ended June 30, 2023 that is recognized on the consolidated statement of activities:

Rent	\$	109,241
Professional services		<u>127,795</u>
Total	\$	<u><u>237,036</u></u>

### *Rent*

The Organization assessed the free use of office space by referencing the fair market value of rental square footage in comparable geographical locations. The office space located in San Francisco, CA, was granted free rent for a space spanning 1200 square feet, with a valuation of \$69,241. Furthermore, the Organization received free use of a venue for its annual fundraiser event, assessed by the rental fair market value at \$40,000. During the year ended June 30, 2023, the Organization received total donated rent valued at \$109,241.

### *Professional services*

The Organization received professional services from Tishman Speyer for project management services and SCB Architects for architect's services associated with the redevelopment of property 150 7<sup>th</sup> Street in San Francisco, CA. The value of these professional services was determined based on the actual fair market values charged by these professional services. During the year ended June 30, 2023, the Organization received total donated professional services valued at \$127,795.

## NOTE 8. CONCENTRATIONS OF CREDIT RISK

FASB ASC 825 requires disclosure of significant concentrations of credit risk arising from all financial instruments. Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash deposits and investments.

At times, a portion of that cash balance may not be insured by Federal Deposit Insurance Corporation. The potential concentration of credit risk pertaining to cash balances will vary throughout the year depending upon the level of cash deposits versus amounts insured. The Organization is maintaining all deposits in high quality financial institutions.

There were \$3,687,151 of uninsured bank balances as of June 30, 2023.

For the year ended June 30, 2023, approximately 80% of total support and revenue are from government awards

The ability of certain of the Organization's awards to continue to provide amounts comparable with prior years may be dependent upon current and future economic conditions and budget constraints. While the Board of Directors believes the Organization has the resources to continue current and future programs, its ability to do so, and the extent to which it does continue, may be dependent on the above factors.

## NOTE 9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

As of June 30, 2023, the liquidity and availability of financial assets:

Cash and cash equivalents	\$	3,966,064
Pledges receivable, current		273,569
Less those unavailable for general expenditures within one year, due to:		(150,000)
Restricted by donor with time or purpose restrictions		
Financial assets available for general expenditure within one year	\$	<u>4,089,633</u>

As of June 30, 2023, the Organization possesses \$4,089,633 in financial assets to address its liquidity requirements. The Organization aims to uphold an ample reserve of financial assets, comprising cash and receivables, to cover the anticipated total of management and fundraising expenses for the next fiscal year. These projected expenses are estimated to be approximately \$344,504, based on the actual supporting expenses for the year ended June 30, 2023.

Based on projected estimates, the Organization accumulated a sufficient amount of liquid assets to sustain its liquidity needs within the next 12 months.

## NOTE 10. PLEDGES RECEIVABLE

The following information about pledges receivable's maturity as of June 30, 2023 as follow:

Mature in 12 months	\$	273,569
Mature in 1-2 years		20,000
Mature in more than 2-5 years		-
Total pledges receivable	\$	<u>293,569</u>

## NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of contributions and grants designated for specific purposes and unconditional pledges that will be received in the future. The composition of net assets with donor restrictions at June 30, 2023 and the changes in these net assets are as follows:

<u>Restricted Purpose</u>	<u>07/01/2022</u>	<u>Additions</u>	<u>Released</u>	<u>06/30/2023</u>
Fundraising and capital campaign	\$ 150,000	\$ -	\$ -	\$ 150,000
Summer program	30,000	-	10,000	20,000
Total	\$ <u>180,000</u>	\$ <u>-</u>	\$ <u>10,000</u>	\$ <u>170,000</u>

## **NOTE 12. RETIREMENT PLAN**

The Organization provides an employer match for 401k benefit retirement plan for eligible employees equal to 100% of the employee's elective deferral that does not exceed 10% of the employee eligible earnings. Employees are eligible for the employer match when they complete their three-month services with the Organization. The matching contributions are calculated on a per pay period basis.

As of June 30, 2023, the Organization contributed \$41,824 to the plan.

## **NOTE 13. CONTINGENCIES**

### *Limitations on Use of Property*

On April 23, 2021, the City and County of San Francisco awarded the Organization \$2,300,000 to be used toward acquiring the real property located at 150-154 7th Street, San Francisco, CA 94013. The grant agreement stipulates that for 30 years the real property must be used as an office and open space center for youth and program services, consistent with the requirement of the South of Market Community Stabilization Fund. In the event that this condition is not met, the Organization may be required to return the award plus interest.

### *Compliance with Donor Restrictions*

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

## **NOTE 14. RELATED PARTY- WEST BAY PILIPINO SUPPORT FOUNDATION**

West Bay Pilipino Support Foundation (the Foundation) was incorporated in California on June 6, 2022. The Foundation is operating exclusively for charitable purposes within the meaning of Section 501(c)(3) of the IRS Code, to perform the charitable function of the Organization.

## **NOTE 15. RELATED PARTIES TRANSACTIONS**

During the year ended June 30, 2023, the Organization benefited from significant assistance from its board members. One board member granted free venue usage for the Organization's fundraising activities, while another board member provided complimentary real estate development services. Additionally, the nonprofit organization made a donation of \$5,235,800 to the affiliate to support a loan. Both entities share the same board members.

Management believes that all related parties' transactions were provided on an arm's-length basis.

## **NOTE 16. NEW MARKETS TAX CREDIT (NMTC)**

The NMTC provides investors that make a qualified equity investment (“QEI”) in a Community Development Entity (“CDE”), a tax credit over a seven-year period. For an investor to claim the credit, the CDE must designate the QEI to the Community Development Financial Institutions Fund (“CDFI”), a branch of the U.S. Department of the Treasury, and use substantially all the QEI to make a qualified low-income community investment (“QLICI”).

On November 17, 2022, the Organization secured financing related to the renovation of an existing building, by entering into transactions structured to qualify for the NMTC. The transaction was intended to realize benefits from the NMTC Program.

The transaction included the Organization borrowing \$11,155,000 (QLICI Loans) to renovate the building to provide services to the local community and to pay fees and expenses related to the consummation of the NMTC transactions during the year ended June 30, 2023.

U.S. Bancorp Community Development Corporation (“USB”), Twain Investment Fund 580, LLC and SFCIF Sub CDE 11, LLC which is affiliated and controlled by the San Francisco Community Investment Fund and certified as a CDE by the CDFI Fund formulated the required structuring and financing that qualified for the NMTCs. USB formed Twain Investment Fund 580, LLC. USB is the sole member of Twain Investment Fund 580, LLC.

USB made equity investments of \$3,408,600 to Twain Investment Fund 580, LLC. The Foundation also made a leverage loan to the Fund of \$8,269,300.

The Twain Investment Fund 580, LLC paid fees and reserves of \$177,900 and made a QEI of \$11,500,000 in SFCIF Sub CDE 11, LLC, a controlled affiliate of San Francisco Community Investment Fund. San Francisco Community Investment Fund made an equity investment of \$1,150 in SFCIF Sub CDE 11, LLC. Twain Investment Fund 580, LLC is a 99.99% non-managing member of SFCIF Sub CDE 11, LLC and San Francisco Community Investment Fund is the 0.01% managing member of SFCIF Sub CDE 11, LLC. SFCIF Sub CDE 11, LLC made three loans to the Organization of \$6,469,300, and \$1,800,000 and \$2,885,700, totaling \$11,155,000 and paid fees of \$345,000 to San Francisco Community Investment Fund.

### *Put and Call Agreement*

During the year ended June 30, 2023, the Organization and U.S. Bancorp Community Development entered into a put/call agreement as part of the financing of the Organization’s long-term debt pursuant to the NMTC transaction.

The objective of the exercise of the put/call options would result in the Foundation owning all of the assets (i.e., the QEI in the Sub-CDE and its related QLICI Loans to the Organization) and liabilities (i.e., the Leveraged Loan of the Investment Funds). If the put/call option is exercised by either party, the Foundation would control the Funds and could repay, restructure, and forgive the Leveraged Loans and QLICI Loans as it deems appropriate.

Management believes the notes payable will be forgiven within the interest only period of seven years.

**NOTE 17. NOTE RECEIVABLE**

On November 17, 2022, the Foundation entered into an agreement to extend a loan of \$8,269,300 to Twain Investment Fund 580, LLC as part of the NMTC transaction. The terms of the notes stipulate interest-only payments at 1.277% per annum, payable until January 1, 2030.

Commencing from January 2, 2030, until the maturity date on March 31, 2057, annual payments of \$359,795 are required. The interest earned on the note for the as of June 30, 2023, amounted to \$74,506. As of June 30, 2023, the accrued interest received was \$8,800, and it is included in the note receivable, net in the statement of financial position.

**NOTE 18. NOTES PAYABLE**

As of June 30, 2023, the Organization engaged in several notes payable agreements, outlined as follows:

On November 16, 2022, the Foundation entered into an agreement with Raza Development Fund, borrowing a total of \$900,000 to serve as financing for the leverage loan. The note stipulates interest-only payments at 7.00% per annum, payable until September 1, 2023, when \$700,000 is due, and on November 16, 2023, the remaining \$200,000 principal is to be paid. As of June 30, 2023, the accrued interest was \$9,765.

On November 17, 2022, the Organization entered into three agreements to borrow a combined total of \$11,155,000 as part of the NMTC transaction, aiming to reimburse costs incurred before closing for the acquisition and rehabilitation of the existing building. These borrowings involve SFCIF SUB CDE 11, LLC, with amounts of \$6,469,300, \$1,800,000, and \$2,885,700. The note specifies interest-only payments at 1.00% per annum until January 1, 2030, when both interest and principal payments become due.

On June 27, 2023, the Organization entered into a verbal agreement to borrow a total of \$75,000 from United Playaz. The note was fully repaid on July 10, 2023.

**NOTE 19. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through March 8, 2024, which is the date the consolidated financial statements were available to be issued. Management stated the completion of the renovations for the structure at 154 7th Street in San Francisco, CA were finalized, and it became operational in September 2023. Management concluded that there are no other material subsequent events have occurred since June 30, 2023, that required recognition or disclosure in such consolidated financial statements.

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