

**BUCKELEW PROGRAMS
AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION**

JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Buckelew Programs and Affiliates

Opinion

We have audited the accompanying combined financial statements of Buckelew Programs (a nonprofit organization) and Affiliates, which comprise the Combined Statement of Financial Position as of June 30, 2023, and the related Combined Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Buckelew Programs and Affiliates 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 Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Buckelew Programs and Affiliates 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 Combined Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT

continued

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We did not audit the financial statements of Buckelew Community Housing Development Organization, Inc., Boulevard Apartments, Inc., and Olive Avenue Apartments, Inc., affiliates of Buckelew Programs, whose statements reflect total combined assets of \$8,937,640 as of June 30, 2023, and total combined support and revenue of \$977,455, for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us. We also did not audit the financial statements of Buckelew Housing, Inc., whose statements reflect total assets of \$496,782 as of June 30, 2023, and total revenue and support of \$221,590, for the year then ended. Those statements were reviewed by other accountants, whose report has been furnished to us. 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 aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements. Our opinion, insofar as it relates to the amounts included for the Affiliates identified, is based solely on the reports of the other auditors and accountants.

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 combined 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 combined 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 Buckelew Programs and Affiliates' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Buckelew Programs and Affiliates' 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.

INDEPENDENT AUDITORS' REPORT

continued

Other Matters

Report on Summarized Comparative Information

We have previously audited Buckelew Programs and Affiliates' 2022 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated April 17, 2023 based on our audit and the reports of other auditors. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information on pages 26 through 32 are presented for the purpose of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Harrington Group

Pasadena, California
March 14, 2024

**BUCKELEW PROGRAMS
AND AFFILIATES**

COMBINED STATEMENT OF FINANCIAL POSITION

June 30, 2023

With comparative totals at June 30, 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 3,803,207	\$ 1,887,643
Contracts and other receivables, net of allowance for doubtful account of \$30,000 (Note 4)	3,211,013	2,038,796
Grants and pledges receivable (Note 2)	25,000	1,801,673
Tenant rents receivables, net (Note 2)	17,270	23,459
Unbilled receivables	-	22,463
Prepaid expenses	249,169	191,806
Total current assets	7,305,659	5,965,840
Deposits	219,442	184,514
Right-of-use assets - operating leases (Note 6)	1,290,409	-
Right-of-use assets - finance leases (Note 6)	70,809	-
Restricted reserves and security deposits (Note 2)	1,065,862	1,016,094
Property and equipment, net (Note 7)	14,288,304	13,422,096
TOTAL ASSETS	\$ 24,240,485	\$ 20,588,544
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 251,269	\$ 324,216
Accrued liabilities (Note 8)	1,240,531	939,557
Accrued unemployment liability (Note 9)	17,719	17,719
Deferred income	9,592	8,967
Current portion of lease liabilities - operating leases (Note 6)	428,030	-
Current portion of lease liabilities - financing leases (Note 6)	37,036	-
Current portion of notes payable (Note 10)	631,501	152,393
Total current liabilities	2,615,678	1,442,852
Accrued mortgage interest payable	1,278,538	1,200,883
Tenant security deposits	31,420	31,009
Long-term portion of lease liabilities - operating leases (Note 6)	881,510	-
Long-term portion of lease liabilities - finance leases (Note 6)	35,196	-
Long-term portion of notes payable, net (Note 10)	7,553,662	8,184,575
TOTAL LIABILITIES	12,396,004	10,859,319
NET ASSETS		
Without donor restrictions	10,727,776	8,860,949
With donor restrictions (Note 15)	1,116,705	868,276
TOTAL NET ASSETS	11,844,481	9,729,225
TOTAL LIABILITIES AND NET ASSETS	\$ 24,240,485	\$ 20,588,544

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

**BUCKELEW PROGRAMS
AND AFFILIATES**

COMBINED STATEMENT OF ACTIVITIES
For the year ended June 30, 2023
With comparative totals for the year ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT				
Government and contracts	\$ 13,226,288	\$ -	\$ 13,226,288	\$ 11,068,170
Grants and contributions	2,757,537	1,055,111	3,812,648	3,015,557
Client rent and fees	2,695,548		2,695,548	2,348,688
In-kind contributions (Note 17)	1,210,114		1,210,114	179,369
Special events	67,328		67,328	25,173
Investment and other income	47,641		47,641	57,063
Net assets released from restrictions (Note 15)	806,682	(806,682)	-	-
TOTAL REVENUE AND SUPPORT	<u>20,811,138</u>	<u>248,429</u>	<u>21,059,567</u>	<u>16,694,020</u>
EXPENSES				
Program services	16,001,101		16,001,101	13,338,441
Management and general	2,122,739		2,122,739	1,811,308
Fundraising	820,471		820,471	713,557
TOTAL EXPENSES	<u>18,944,311</u>	<u>-</u>	<u>18,944,311</u>	<u>15,863,306</u>
CHANGE IN NET ASSETS	1,866,827	248,429	2,115,256	830,714
NET ASSETS, BEGINNING OF YEAR	<u>8,860,949</u>	<u>868,276</u>	<u>9,729,225</u>	<u>8,898,511</u>
NET ASSETS, END OF YEAR	<u>\$ 10,727,776</u>	<u>\$ 1,116,705</u>	<u>\$ 11,844,481</u>	<u>\$ 9,729,225</u>

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

**BUCKELEW PROGRAMS
AND AFFILIATES**

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

With comparative totals for the year ended June 30, 2022

	Program Services					Total	
	100 M.A.I.L.	200 R.S.S.	600 Sonoma	Affiliates'	Other	Program Services	
	Program	Program	Program	Programs	Programs	2023	2022
Staff compensation	\$ 1,042,915	\$ 1,475,477	\$ 1,945,981	\$ 44,413	\$ 3,250,201	\$ 7,758,987	\$ 6,364,681
Taxes and benefits	253,556	365,511	478,952	46,764	774,243	1,919,026	1,351,947
Total personnel costs	1,296,471	1,840,988	2,424,933	91,177	4,024,444	9,678,013	7,716,628
Rent	845,868	17,272	435,808	11,010	705,265	2,015,223	1,942,112
Professional services	110,812	101,968	115,150	70,980	208,733	607,643	409,549
Utilities	156,548	97,735	146,325	120,104	154,064	674,776	563,367
Building repair and maintenance	71,610	81,220	42,997	359,424	86,299	641,550	430,132
Depreciation	13,265	68,609	1,250	327,678	196,639	607,441	606,546
Equipment and furniture	82,837	47,591	92,702	3,388	118,814	345,332	386,047
Food and meals	87,442	109,798	2,670		82,936	282,846	282,086
Supplies	28,723	51,817	47,321	6,869	92,050	226,780	204,360
Insurance	30,886	26,457	22,869	67,963	38,693	186,868	136,749
Travel and transportation	51,798	16,834	82,176		61,040	211,848	173,172
Interest		31,207		159,318	26,177	216,702	254,092
Staff development	13,565	10,052	13,340	1,606	32,480	71,043	34,808
Bad debt			755	1,068	39,364	41,187	29,797
Advertising and promotion	1,941	1,141	224	180	13,237	16,723	30,921
Miscellaneous	2,764	6,837	4,820	7,588	34,109	56,118	54,249
Taxes, licenses, and fees	5,379	19,989	9,585		22,412	57,365	46,600
Meetings	3,290	1,591	3,361		3,444	11,686	4,079
Dues and membership	2,435	3,109	1,255		9,584	16,383	7,617
Equipment leasing and maintenance	1,383	4,481	5,864		10,659	22,387	9,365
Stipends	85	8,201				8,286	9,309
Bank service charges			70		1,945	2,015	3,770
Postage and shipping	318	403	729		1,436	2,886	3,086
TOTAL 2023 FUNCTIONAL EXPENSES	\$ 2,807,420	\$ 2,547,300	\$ 3,454,204	\$ 1,228,353	\$ 5,963,824	\$ 16,001,101	
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 2,516,156	\$ 2,073,029	\$ 2,549,393	\$ 1,189,923	\$ 5,009,940		\$ 13,338,441

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

**BUCKELEW PROGRAMS
AND AFFILIATES**

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

With comparative totals for the year ended June 30, 2022

continued

	Program Services	Management and General	Fundraising	Total Expenses	
				2023	2022
Staff compensation	\$ 7,758,987	\$ 1,092,733	\$ 414,756	\$ 9,266,476	\$ 7,769,210
Taxes and benefits	1,919,026	276,851	114,704	2,310,581	1,653,624
Total personnel costs	9,678,013	1,369,584	529,460	11,577,057	9,422,834
Rent	2,015,223	96,156	25,267	2,136,646	2,033,594
Professional services	607,643	441,182	129,848	1,178,673	815,129
Utilities	674,776	14,169	2,736	691,681	574,068
Building repair and maintenance	641,550	2,030	430	644,010	431,068
Depreciation	607,441	469	154	608,064	607,569
Equipment and furniture	345,332	4,871	11,350	361,553	415,777
Food and meals	282,846	10		282,856	282,086
Supplies	226,780	6,092	24,327	257,199	234,369
Insurance	186,868	31,307	4,941	223,116	167,980
Travel and transportation	211,848	7,386	745	219,979	183,159
Interest	216,702			216,702	280,039
Staff development	71,043	44,669	1,339	117,051	71,010
Bad debt	41,187	46,553		87,740	30,252
Advertising and promotion	16,723	201	48,759	65,683	67,696
Miscellaneous	56,118	9,738	932	66,788	104,978
Taxes, licenses, and fees	57,365	3,412	1,107	61,884	48,865
Meetings	11,686	15,348	31,042	58,076	35,870
Dues and membership	16,383	21,597	409	38,389	20,016
Equipment leasing and maintenance	22,387	4,575	1,366	28,328	12,016
Stipends	8,286			8,286	9,309
Bank service charge	2,015	2,824	3,097	7,936	9,121
Postage and shipping	2,886	566	3,162	6,614	6,501
TOTAL 2023 FUNCTIONAL EXPENSES	\$ 16,001,101	\$ 2,122,739	\$ 820,471	\$ 18,944,311	
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 13,338,441	\$ 1,811,308	\$ 713,557		\$ 15,863,306

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

**BUCKELEW PROGRAMS
AND AFFILIATES**

COMBINED STATEMENT OF CASH FLOWS
For the year ended June 30, 2023
With comparative totals for the year ended June 30, 2022

	2023	2022
CASH FLOWS (TO) FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,115,256	\$ 830,714
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	608,064	607,569
Amortization of debt issuance costs	198	198
Donated property	(1,200,000)	-
Proceeds from sale of donated property given in fulfillment of pledge receivable	1,773,845	-
Gain on sale of donated property given in fulfillment of pledge receivable	(273,845)	-
(Increase) decrease in operating assets:		
Contract, tenant rents, grants and pledges receivables	(867,097)	(1,179,217)
Prepaid expenses	(57,158)	15,582
Amortization of right-of-use assets - operating leases	381,496	-
Amortization of right-of-use assets - finance lease	34,788	-
Reduction of lease liabilities - operating leases	(362,365)	-
Deposits	(34,928)	2,222
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	228,027	69,456
Accrued mortgage interest payable	77,655	80,248
Tenant security deposits	411	(1,657)
Deferred income	625	3,055
	2,424,972	428,170
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS (TO) INVESTING ACTIVITIES:		
Purchase of property and equipment	(274,272)	(216,185)
Net (decrease) to reserves	(49,768)	(15,417)
	(324,040)	(231,602)
NET CASH (USED) BY INVESTING ACTIVITIES		
CASH FLOWS (TO) FINANCING ACTIVITIES:		
Principal payments on finance leases	(33,365)	-
Principal payments on notes payable	(152,003)	(144,859)
	(185,368)	(144,859)
NET CASH (USED) BY FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,915,564	51,709
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,887,643	1,835,934
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,803,207	\$ 1,887,643
SUPPLEMENTAL DISCLOSURE:		
Operating activities reflect interest paid of:	\$ 136,455	\$ 138,943
NON-CASH OPERATING ACTIVITIES:		
Fulfillment of pledge receivable with donated property, immediately sold	\$ 1,500,000	\$ -
Right-of-use assets/lease liabilities - operating leases from adoption of ASC 842	\$ 1,671,905	\$ -
NON-CASH INVESTING ACTIVITIES:		
Donated property received and held	\$ 1,200,000	\$ -
NON-CASH FINANCING ACTIVITIES:		
Right-of-use assets/lease liabilities - finance leases from adoption of ASC 842	\$ 105,597	\$ -

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

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Organization

Buckelew Programs (“Buckelew”) is a California not-for-profit public benefit corporation founded in 1970. Buckelew’s mission is to enhance the quality of life of individuals and families by providing mental, emotional, behavioral health and addiction services that promote recovery, resilience and hope. Buckelew has offices and program sites in Marin, Napa, and Sonoma counties.

Buckelew’s programs include provision of affordable, supported housing, effective, supportive employment, wellness and recovery supports, family supports and specialized programs that are tailored to the unique needs and interests of different groups of clients, such as programs specifically geared to adults with serious mental illness, adults with a dual-diagnosis of mental illness and substance disorders, and adults involved in the criminal justice system.

Affiliated Organizations:

Buckelew is affiliated with and under common board control or majority board control with other not-for-profit corporations which have been formed as instruments to further Buckelew’s organizational objectives. These entities are:

- Buckelew Community Housing Development Organization, Inc. (“BCHDO”)
- Buckelew Housing, Inc.
- Boulevard Apartments, Inc.
- Henry House

Buckelew has fifty percent control, through board membership, in the following non-profit entity:

- Olive Avenue Apartments, Inc.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying combined financial statements is as follows:

Principles of Combination

The combined financial statements include the accounts of Buckelew and its affiliates: BCHDO, Buckelew Housing, Inc., Boulevard Apartments, Inc., Henry House, and Olive Avenue Apartments, Inc. (collectively “Buckelew and Affiliates”). All inter-organization transactions have been eliminated.

Basis of Presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting.

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Net Assets

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

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

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.

Cash and Cash Equivalents

Buckelew and Affiliates have defined cash and cash equivalents as cash in banking institutions and certificates of deposits with an original maturity of three months or less.

Contracts and Other Receivables

Contracts and other receivables primarily consists of various third-party payment arrangements that are stated at the amount management expects to collect. Buckelew and Affiliates provide for losses on contracts and accounts receivable using the allowance method. The allowance is based on past experience, third-party contracts, and other circumstances, which may affect the ability of service recipients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is Buckelew and Affiliates' policy to charge off uncollectible contracts and accounts receivable when management determines the receivable will not be collected.

Grants and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Pledges and grants receivable of \$25,000 at June 30, 2023, are expected to be collected within one year. As such, no discount has been recorded.

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Unbilled Receivables

Unbilled receivables represent amounts billable to a few Sonoma contracts, client rents and other small grant amounts which are for amounts earned but not yet been billed as of June 30, 2023. Management believes these amounts will be collectible once billed.

Tenant Rents Receivable

Tenant rents receivable are reported net of an allowance for doubtful accounts, when applicable. Management's estimate of the allowance is based on a review of outstanding receivables, historical collection experience, and existing economic conditions. It is reasonably possible that management's estimate will change. As of June 30, 2023, the tenant rents receivable of \$17,270 is shown net of the allowance for doubtful accounts of \$0. As such, tenant rents receivable, net at June 30, 2023 is \$17,270.

Restricted Reserves and Security Deposit Accounts

The Affiliates are required to maintain various reserve and tenant accounts for replacement and repair of property and equipment, residual receipts, rent subsidy, tenant security deposits, and operating purposes. The reserves should be maintained in separate bank accounts pursuant to loan and regulatory agreements.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

Buckelew and Affiliates are required to measure pledged contributions and in-kind contributions at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

Concentration of Credit Risks

Buckelew and Affiliates place their temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Buckelew and Affiliates have not incurred losses related to these investments.

The primary contract and other receivables balance outstanding at June 30, 2023 consists of government contract receivables due from county, state, and federal granting agencies. Management believes concentration of credit risk with respect to these trade receivables is limited, as the majority of Buckelew and Affiliates' receivables consist of earned fees from contract programs.

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets, which range from five to forty years. Maintenance and repair costs are charged to expense as incurred.

Buckelew and Affiliates' property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended June 30, 2023, Buckelew and Affiliates recorded in-kind contributions of \$1,210,114 for materials received. Valuation techniques used to measure the fair market value of donated materials are summarized in Note 17.

Revenue and Revenue Recognition

Buckelew and Affiliates recognize 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 Buckelew and Affiliates revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Buckelew and Affiliates have incurred expenditures in compliance with specific contract or grant provisions, or upon the satisfaction of the performance requirements.

Client rental income is recognized as rent becomes due and is shown at its maximum gross potential. Vacancy loss is shown as a reduction of rental income. Rental payments received in advance are deferred until earned. All leases between Buckelew and Affiliates, and tenants of the projects, are operating leases. Lease terms are usually one year or less. Therefore, Buckelew and Affiliates recognize monthly rent as lease income under ASC Topic 842 *Leases*. Other income, related to the rentals, includes laundry, vending, pet and parking fees, as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncement

Buckelew and Affiliates adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2016-02, *Leases, (Topic 842)*, which requires lessees to recognize leases on the Combined Statement of Financial Position and disclose key information about leasing arrangements. Buckelew and Affiliates elected not to restate the comparative period (fiscal year 2022). Buckelew and Affiliates also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, Right-of-Use (“ROU”) assets totaling \$1,777,502 and lease liabilities totaling \$1,777,502 were recognized in the Combined Statement of Financial Position at July 1, 2022. The discount rate used to record the ROU asset and lease liabilities at the transition date of July 1, 2022, was 3.09%. The adoption did not result in a significant effect on amounts reported in the Combined Statement of Activities for the year ended June 30, 2023.

Leases

Buckelew and Affiliates apply Accounting Standards Codification (“ASC”) 842, *Leases*, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant, or equipment for a period of time in excess of twelve months in exchange for consideration. Buckelew and Affiliates define control of the asset as the right to obtain substantially all of the economic benefits from use of the identified asset as well as the right to direct the use of the identified asset. Buckelew and Affiliates further determined some existing leases are operating leases and finance leases, which are included in ROU assets and lease liabilities in the Combined Statement of Financial Position.

Income Taxes

Buckelew and Affiliates are exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered their tax positions and believes that all of the positions taken by Buckelew and Affiliates in their federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Buckelew and Affiliates’ returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing Buckelew and Affiliates’ programs and other activities have been presented in the Combined Statement of Functional Expense. During the year, such costs are accumulated into separate groupings as either direct or indirect. Shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Total direct dollars are used to allocate shared costs.

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Comparative Totals

The combined financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Buckelew and Affiliates' combined financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Reclassifications

Certain amounts from the June 30, 2022 combined financial statements have been reclassified to conform to the June 30, 2023 presentation.

Subsequent Events

Management has evaluated subsequent events through March 14, 2024, the date which the combined financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the combined financial statements

3. Liquidity and Availability of Resources

Buckelew and Affiliates regularly monitors liquidity required to meet its operating needs and other contractual commitments via cash flow projections, treasury management and review by the Finance Committee of the Board of Directors.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Buckelew and Affiliates consider all expenditures related to its ongoing activities and the pattern of income from grants, contracts, fundraising and services. The Finance Committee of the Board of Directors meets regularly to review all financial aspects of the organization and meets quarterly with the full Buckelew and Affiliates Board of Directors to report out, assess risk, and make recommendations for changes as needed.

In addition to financial assets available to meet general expenditures over the next 12 months, Buckelew and Affiliates operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources, continued

As of June 30, 2023, the following financial assets could readily be made available within one year of the combined statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 3,803,207
Contracts and other receivables, and tenant rents receivable, net	3,228,283
Grants and pledges receivable	<u>25,000</u>
Total financial assets	7,056,490
Less: donor restricted funds	<u>(1,116,705)</u>
Financial assets available for general expenditures within one year of the combined statement of financial position	<u>\$ 5,939,785</u>

4. Contracts and Other Receivables

Contracts and other receivables at June 30, 2023 consist of the following:

Contracts receivable	\$3,211,013
Other receivables	<u>30,000</u>
	3,241,013
Less: allowance for doubtful accounts	<u>(30,000)</u>
	<u>\$3,211,013</u>

5. Fair Value Measurements

The table below presents Buckelew and Affiliates' transactions measured at fair value on a non-recurring basis during the year ended June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
In-kind contributions	\$ -	\$10,114	\$ -	\$10,114
Pledged contributions			<u>25,000</u>	<u>25,000</u>
Total	<u>\$ -</u>	<u>\$10,114</u>	<u>\$25,000</u>	<u>\$35,114</u>

The fair value of in-kind contributions has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of pledged contributions is measured on a non-recurring basis based on the value provided by the donor at the date of the pledge or donation, respectively and an evaluation of their credit worthiness (Level 3 inputs).

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

6. Right-of-Use Assets and Lease Liabilities - Operating Leases and Finance Leases

Buckelew and Affiliates evaluated current contracts to determine which met the criteria of a lease. ROU assets represent Buckelew and Affiliates' right to use underlying assets for the lease term, and the lease liabilities represent Buckelew and Affiliates' obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, which arise from operating leases and finance leases, were calculated based on the present value of future lease payments over the lease terms.

Buckelew and Affiliates used the rate implicit in the lease, if it is determinable. When the rate implicit in the lease is not determinable, Buckelew and Affiliates use the risk-free rate of return at the lease commencement date to determine the present value of the future lease payments. Lease terms, in the calculations, may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term. The ROU assets and lease liabilities for these leases were determined based on the current terms in force as of June 30, 2023. No additional options have been included.

The operating leases consist of four office leases, while the finance leases consists of six vehicle leases.

The weighted average of remaining lease terms and weighted average of discount rates for operating leases as of June 30, 2023 were 41 months and 3.09%, respectively. The weighted average of remaining lease terms and weighted average of discount rates for financing leases as of June 30, 2023 were 25.9 months and 4.06%, respectively.

Cash paid for the operating leases and finance leases for the year ended June 30, 2023 was \$408,093 and \$37,036, respectively.

Future maturities under leases are as follows:

<u>Year ending June 30,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2024	\$ 428,030	\$37,036
2025	444,471	32,383
2026	342,458	6,150
2027	<u>186,148</u>	<u>-</u>
	1,401,107	75,569
Less: present value discount	<u>(91,567)</u>	<u>(3,337)</u>
	<u>\$1,309,540</u>	<u>\$72,232</u>

The above maturities reflect rental agreements in effect as of June 30, 2023. Buckelew continually renegotiates its lease agreements; therefore, future maturity amounts may change.

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

6. Right-of-Use Assets and Lease Liabilities - Operating Leases and Finance Leases, continued

The ROU assets related to operating leases at June 30, 2023 are as follows:

Office space	\$1,671,905
Less: amortization	<u>(381,496)</u>
	<u>\$1,290,409</u>

The ROU assets related to finance leases at June 30, 2023 are as follows:

Vehicles	\$105,597
Less: amortization	<u>(34,788)</u>
	<u>\$ 70,809</u>

Lease expense under operating leases and finance leases for the year ended June 30, 2023 were \$427,225 and \$38,459, respectively.

7. Property and Equipment

Buckelew and Affiliates' property and equipment at June 30, 2023 consist of the following:

Land	\$ 2,483,654
Buildings	20,830,056
Furniture and equipment	592,538
Vehicles	106,637
Leasehold improvements	<u>99,164</u>
	24,112,019
Less: accumulated depreciation	<u>(9,823,715)</u>
	<u>\$14,288,304</u>

Depreciation expense for the year ended June 30, 2023 was \$608,064.

8. Accrued Liabilities

Accrued liabilities at June 30, 2023 consist of the following:

Accrued vacation	\$ 657,183
Accrued payroll and taxes	437,249
Marin county contract payable	130,302
Other accrued liabilities	<u>15,797</u>
	<u>\$1,240,531</u>

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

9. Accrued Unemployment Liability

Buckelew is self-insured for its unemployment claims. As such, Buckelew is billed on a quarterly basis by the State of California for any claims made. Buckelew, on a quarterly basis, performs an analysis of the potential unemployment liability based on historical claims and records an accrued unemployment liability. At June 30, 2023, the estimated liability for outstanding unemployment claims was \$17,719.

10. Notes Payable

Notes payable at June 30, 2023 consist of the following:

Mortgage payable to California Department of Housing and Community Development (“HCD”) bears 3% annual simple interest, is secured by a deed of trust on 1103 Lincoln Avenue, and no currently monthly payments of principal and interest or payments from annual net cash flows are required. However, a payment of 0.42% of outstanding principal, equal to \$7,485, is due on June 30 per annum until 2036. Unpaid principal and accrued interest is payable in full March 2062. \$1,782,206

Capital Advance Program Mortgage note payable to HUD, secured by a deed of trust on the project, is non-interest bearing and repayment is not required as long as the project remains available for very low-income individuals in accordance with Section 811 of the U.S. Housing Act. 1,511,300

Non-interest bearing loan dated June 7, 2012, payable to Marin County Department of Health and Human Services, maturing on June 7, 2067 with principal due the earlier of 55 years from the recording of “Notice of Completion” with respect to the property, or the transfer of property securing the note to an entity other than Buckelew, a nonprofit public benefit corporation controlled by Buckelew, or an entity approved under an agreement between the Marin County Department of Health and Human Services and Buckelew. The loan is secured by a deed of trust on the Granton Park property at 1109 Sir Francis Drake Blvd. 739,526

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

10. Notes Payable, continued

Mortgage payable to First Federal S&L Association in monthly installments of \$4,881, including interest at 5.8% per annum. The interest rate changed on August 1, 2014 and may change every six months thereafter. The rate will be based on the Eleventh District Cost of Funds, plus 2.75% not to exceed 9.5%. The mortgage is secured by a deed of trust on Duncan Greene and is due in full in August 2037.	562,806
Mortgage payable to First Federal S&L Association in monthly installments of \$3,294, including interest at 4.0% per annum. The interest rate is subject to change in October 2023. The rate will be based on the Eleventh District Cost of Funds, plus 2.75% not to exceed 9.5%. The note is secured by a deed of trust on Rogers Greene Apartments and is due in full in September 2046. As of June 30, 2023, accrued interest totaled \$2,232.	599,025
Loan payable to California Department of Housing and Community Development, Multifamily Housing program, bears 3% simple interest per annum, requires an annual payment of 0.42% of the outstanding principal balance for a period of 29 years, at which time annual loan payments are required equal to the lesser of the accrued interest for the previous 12-month period or such amount determined by HCD. Annual payments can also be made subject to available net cash flow. The note is secured by a deed of trust on the project. The entire principal and unpaid accrued interest are due in 2060.	585,000
Loan dated September 18, 2012, payable to Marin Community Foundation, simple interest at 4.00% per annum. No payments were due until March 1, 2014 and then the loan was converted to a 10-year term with payments calculated based on a 30-year amortization. Loan is due in monthly payments of \$2,864 maturing on February 1, 2024 with a balloon payment of \$475,569 due at the time of maturity. The loan is secured by a deed of trust on 1109 Sir Francis Drake Blvd.	485,695
Loan payable to Petaluma Community Development Commission, bears 3% simple interest per annum. The entire principal and accrued interest due in 2065.	480,200

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

10. Notes Payable, continued

Loan payable to Bank of Marin dated December 27, 2012, maturing on December 23, 2022. The loan is payable in monthly payments of \$2,531 at a simple rate of 4.5% per annum for 60 months and then at a variable rate subject to change from time to time based on changes in an independent index. The loan is secured by a deed of trust on the D Street property. 393,057

Loan dated February 1, 2010, payable to California Health Facilities Financing Authority, simple interest at 3.00% per annum, due in monthly payments of \$4,489 maturing on May 1, 2025. The loan is secured by a deed of trust on 1109 Sir Francis Drake Blvd. 99,499

Line of credit with Bank of Marin, converted to ten-year loan on August 26, 2014, maturing on August 23, 2024. Loan is payable in monthly payments of \$1,659 at simple rate of 4.5% per annum for 60 months and then at a variable rate. Balloon payment of unpaid balance is due at maturity. The loan is secured by a deed of trust on Draper House. 270,347

Mortgage payable to HUD, due in monthly installments of \$3,367, including interest at 9.25%. Loan is collateralized by a deed of trust on the project and is due in full in the year 2026. 95,162

Non-interest bearing loan dated October 23, 2012, payable to Marin County Department of Health and Human Services, maturing on November 6, 2032 with principal due the earlier of 20 years from the recording of "Notice of Completion" with respect to the property, or the transfer of property securing the note to an entity other than Buckelew, a nonprofit public benefit corporation controlled by Buckelew, or an entity approved under an agreement between the Marin County Department of Health and Human Services and Buckelew, or acceleration of the note due to termination of the agreement between the County of Marin and Maker of the loan. The loan is secured by a deed of trust on the Granton Park property at 1109 Sir Francis Drake Blvd. 250,000

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

10. Notes Payable, continued

Non-interest bearing loan dated August 21, 2012, payable to Marin County Department of Health and Human Services, maturing on August 13, 2032 with principal due the earlier of 20 years from the recording of "Notice of Completion" with respect to the property, or the transfer of property securing the note to an entity other than Buckelew, a nonprofit public benefit corporation controlled by Buckelew, or an entity approved under an agreement between the Marin County Department of Health and Human Services and Buckelew. The loan is secured by a deed of trust on the Granton Park property at 1109 Sir Francis Drake Blvd.	150,000
Agreement with County of Marin Community Development Agency dated April 2012 and amended in 2015, funds received in April through July 2012 and April 2016. No payments are required until sale, conveyance, encumbrance, grant, lease, or other alienation of premises, at which time the greater of \$54,783 or 3.6% of the proceeds from such sale, conveyance, encumbrance, grant, lease minus costs of closing are due in full. The loan is secured by a deed of trust on 1333 7th Street.	64,324
Loan payable to Marin Housing Authority, at 3.00% per annum, commencing on January 1, 2010. No payments are required until transfer or sale of collateral property, or discontinued use for the intended purpose, at which time principal and interest are due in full. The loan is secured by the property at 527 D Street.	35,000
Loan payable to Marin Housing Authority, at 3.00% per annum, commencing on February 1, 2014. No payments are required until transfer or sale of collateral property, or discontinued use for the intended purpose, at which time principal and interest are due in full. The loan is secured by the property at 30b Fairfax Street.	35,000
Loan payable to Marin Housing Authority, at 3.00% per annum, commencing on May 1, 2013. No payments are required until transfer or sale of collateral property, or discontinued use for the intended purpose, at which time principal and interest are due in full. The loan is secured by the property at 51 San Pablo Avenue.	32,110

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

10. Notes Payable, continued

Loan payable to Marin Housing Authority, at 3.00% per annum, commencing on May 1, 2013. No payments are required until transfer or sale of collateral property, or discontinued use for the intended purpose, at which time principal and interest are due in full. The loan is secured by the property at 7 Le Claire Court.	<u>20,643</u>
	8,190,900
Less: unamortized debt issuance costs	<u>(5,737)</u>
Total notes payable, net	8,185,163
Less: current portion	<u>(631,501)</u>
Long-term portion of notes payable, net	<u>\$7,553,662</u>

Principal payments on the notes payable are as follows:

<u>Year ending June 30,</u>	
2024	\$ 632,501
2025	151,406
2026	95,250
2027	72,727
2028	75,731
Thereafter	<u>7,164,285</u>
	<u>\$8,190,900</u>

11. Commitments and Contingencies

Contracts

Buckelew and Affiliates' grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, Buckelew and Affiliates, have no provisions for the possible disallowance of program costs on its combined financial statements.

HUD Capital Advance

HUD has granted a Section 811 capital advance of \$2,146,000 to Boulevard Apartments. This advance is subject to repayment, along with interest, in the event that Boulevard Apartments is not made available to very low-income disabled persons for forty years in accordance with Section 811. Buckelew and Affiliates intend to comply with the capital advance requirements, and management expects the capital advance to be forgiven in June 2046. Thus, the capital advance has been included in net assets without donor restrictions.

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

11. Commitments and Contingencies, continued

Grants

BCHDO, Inc. has entered into various grant agreements with the County of Marin, which provided \$1,604,000 and \$119,899 in funding, under the HOME Investment Partnership Program and Community Development Block Grant Program, respectively for the purchase and rehabilitation of various properties. Pursuant to these grant agreements, a certain number of units must be designated as HOME-assisted units and must meet affordable housing, income targeting and other requirements for a defined term. In the event of default or upon sale of the property, the greater of the grant amount or a defined percentage of the proceeds from sale must be paid to the County of Marin.

Olive Avenue Apartments, Inc., in connection with the acquisition and development of an apartment complex consisting of 16 rental units for persons with disabilities in Novato, California, entered into a grant agreement with the County of Marin under the HOME Investment Partnership Program in the amount of \$452,000. Pursuant to this agreement, Olive Avenue Apartments, Inc. must remain affordable to eligible persons until May 2046. In the event of default, the County may demand repayment of the greater of \$452,000 or 19.7% of the fair market value of the property.

Buckelew has various Community Development Block Grants with the Marin Housing Authority and the Marin County Department of Health and Human Services for the purchase and rehabilitation of various properties. In the event of the sale of the property, the loan amount including interest must be paid.

12. Management Fee

Creekwood Apartments, which is developed, owned and operated by Buckelew Housing, Inc., is managed by EAH, Inc., a non-related California nonprofit public benefit corporation. HUD has approved a management fee of 6.47% of collections. Management fees paid during the year ended June 30, 2023 were \$11,232.

Olive Avenue Apartments, Inc., a California nonprofit public benefit corporation, was organized in 1996 to develop, own and operate an apartment complex consisting of 16 rental units for persons with disabilities in Novato, California. The apartment complex in Novato, California, is managed by EAH, Inc., a non-related California nonprofit public benefit corporation. HUD has approved a management fee in the amount of 10.54% of collections beginning April 1, 2014 through March 31, 2016, with the option to self-renew. Management fees paid during the year ended June 30, 2023 were \$15,552.

13. Housing Assistance Payment Contract Agreement

Buckelew Housing, Inc. has entered into a Housing Assistance Payments (“HAP”) contract with HUD on behalf of qualified tenants. The contract covers all of the 12 units. The contract expires on April 1, 2031. HUD has established various guidelines for the renewal of the contract. Receipts under the HAP contract for the year ended June 30, 2023 were \$171,172.

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

14. Project Rental Assistance Contract

Olive Avenue Apartments, Inc., has entered into a Project Rental Assistance Contract (“PRAC”) with HUD on behalf of qualified tenants. The contract covers 16 of the 16 units and expired on September 30, 2021. HUD has established various guidelines for the renewal of these contracts. During the year ended June 30, 2023, receipts under the PRAC were \$106,584.

15. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2023 consist of the following:

Purpose Restrictions:

Suicide prevention	\$ 435,977
Family services counseling	232,441
Athena House	120,428
Healthy families	89,200
Development	69,778
Counseling services	44,815
One Mind	27,404
St. Joseph’s	26,770
Sonoma Programs	26,346
Vine Detox Center	20,266
Supportive Housing	20,000
In Response	<u>3,280</u>
	<u>\$1,116,705</u>

For the year ended June 30, 2023, net assets released from purpose and time restrictions were \$806,682.

16. Related Party Transactions

Buckelew carries a \$102,894 note receivable from BCHDO, an affiliate. The note is eliminated in the combined financial presentation but is not eliminated in the Buckelew stand-alone financial statements.

Olive Avenue Apartments, Inc. is an affiliate that is owned 50% by Buckelew. The net asset valuation of the investment is recorded as an asset in the Buckelew stand-alone financial statements. The value of Buckelew’s interest in Olive Avenue Apartments, Inc. at the year ended June 30, 2023 was (\$114,486).

In 2022, the organization made its required annual HCD payment of 0.42% related to the California Department of Housing and Community Development, Multifamily Housing program (MHP-HCD note). Buckelew, the organization’s sponsor, also made a payment to HCD for the same purpose resulting in an overpayment of \$2,457 to HCD. Buckelew applied for reimbursement of the overpaid fee but it was processed by HCD due to incomplete paperwork. Accordingly, HCD has indicated the overpayment will be applied to the 2023 annual HCD required payment and the organization will reimburse Buckelew.

continued

BUCKELEW PROGRAMS AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

17. In-kind Contributions

In-kind contributions for the year ended June 30, 2023 consist of the following:

<u>Nonfinancial Asset</u>	<u>Fair Value</u>	<u>Used or Monetized</u>	<u>Donor Restrictions</u>	<u>Fair Value Technique</u>
Food and beverages	\$ 3,583	Used for Bike4Buckelew fundraising event	None	Value established based on prices, at time of donation, from provider for paying customers in the region
Art and merchandise	2,731	Used for Bike4Buckelew fundraising event	None	Value established based on prices, at time of donation, from provider for paying customers in the region
Gift Certificates	3,800	Used for Bike4Buckelew fundraising event	None	Value established at cash value
Residential Property	<u>1,200,000</u> <u>\$1,210,114</u>	Held for resale	None	Value established per appraisal report

During fiscal year ended June 30, 2022, Buckelew recorded a pledge receivable of \$1,500,000 related to expected assets to be received from a trust based on its notification. During the fiscal year ended June 30, 2023, the pledge receivable was satisfied when Buckelew received assets which included real property. Buckelew sold the property in the fiscal year ended June 30, 2023, resulting in a gain of \$273,845, which was recognized as contribution revenue for the year ended June 30, 2023.

SUPPLEMENTARY INFORMATION

**BUCKELEW PROGRAMS
AND AFFILIATES**

COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2023

	(Audited) Buckelew Programs	(Audited) BCHDO, Inc.	(Reviewed) Buckelew Housing, Inc.	(Audited) Boulevard Apartments, Inc.	(Audited) Olive Avenue Apartments, Inc.	(Audited) Henry House	Total	Eliminations	Combined
ASSETS									
Current Assets									
Cash and cash equivalents (Note 2)	\$ 3,443,930	\$ 300,643	\$ 41,018	\$ 8,242	\$ 4,452	\$ 4,922	\$ 3,803,207	\$ -	\$ 3,803,207
Contracts and other receivables, net of allowance for doubtful account of \$30,000 (Note 4)	3,211,013						3,211,013		3,211,013
Grants and pledges receivable (Note 2)	25,000						25,000		25,000
Unbilled contracts receivable							-		-
Tenant rents receivables, net (Note 2)		7,665	2,582		7,023		17,270		17,270
Prepaid expenses	223,759	19,165	3,623	1,412	1,210		249,169		249,169
Total current assets	6,903,702	327,473	47,223	9,654	12,685	4,922	7,305,659	-	7,305,659
Note receivable from affiliate	102,894						102,894	(102,894)	-
Deposits	219,442						219,442		219,442
Investment in subsidiaries	(114,486)						(114,486)	114,486	-
Right-of-use assets - operating leases (Note 6)	1,290,409						1,290,409		1,290,409
Right-of-use assets - finance lease (Note 6)	70,809						70,809		70,809
Restricted reserves and security deposits (Note 2)		653,016	142,937	138,683	109,494	21,732	1,065,862		1,065,862
Property and equipment, net (Note 7)	6,295,047	4,535,606	306,622	1,976,772	1,174,257		14,288,304		14,288,304
TOTAL ASSETS	\$ 14,767,817	\$ 5,516,095	\$ 496,782	\$ 2,125,109	\$ 1,296,436	\$ 26,654	\$ 24,228,893	\$ 11,592	\$ 24,240,485
LIABILITIES AND NET ASSETS									
LIABILITIES									
Current Liabilities									
Accounts payable	\$ 177,817	\$ 31,494	\$ 4,751	\$ 28,279	\$ 8,928	\$ -	\$ 251,269	\$ -	\$ 251,269
Accrued liabilities (Note 8)	1,227,670					12,861	1,240,531		1,240,531
Accrued unemployment liability (Note 9)	17,719						17,719		17,719
Deferred revenue (Note 2)		8,483	947		162		9,592		9,592
Current portion of lease liabilities - operating leases (Note 6)	428,030						428,030		428,030
Current portion of lease liabilities - financing leases (Note 6)	37,036						37,036		37,036
Current portion of notes payable, net (Note 10)	556,040	42,489	32,972				631,501		631,501
Total current liabilities	2,444,312	82,466	38,670	28,279	9,090	12,861	2,615,678	-	2,615,678
Accrued mortgage interest payable		756,763	734	521,041			1,278,538		1,278,538
Tenant security deposits		18,244	4,182	3,208	5,018	768	31,420		31,420
Long-term portion of lease liabilities - operating leases (Note 6)	881,510						881,510		881,510
Long-term portion of lease liabilities - finance leases (Note 6)	35,196						35,196		35,196
Intercompany notes payable		102,894					102,894	(102,894)	-
Long-term portion of notes payable, net (Note 10)	2,019,162	2,895,811	62,189	1,065,200	1,511,300		7,553,662		7,553,662
TOTAL LIABILITIES	5,380,180	3,856,178	105,775	1,617,728	1,525,408	13,629	12,498,898	(102,894)	12,396,004
NET ASSETS									
Without donor restrictions	8,270,932	1,659,917	391,007	507,381	(228,972)	13,025	10,613,290	114,486	10,727,776
With donor restrictions (Note 15)	1,116,705						1,116,705		1,116,705
TOTAL NET ASSETS	9,387,637	1,659,917	391,007	507,381	(228,972)	13,025	11,729,995	114,486	11,844,481
TOTAL LIABILITIES AND NET ASSETS	\$ 14,767,817	\$ 5,516,095	\$ 496,782	\$ 2,125,109	\$ 1,296,436	\$ 26,654	\$ 24,228,893	\$ 11,592	\$ 24,240,485

See independent auditors' report.

**BUCKELEW PROGRAMS
AND AFFILIATES**

COMBINING STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

	(Audited) Buckelew Programs	(Audited) BCHDO, Inc.	(Reviewed) Buckelew Housing, Inc.	(Audited) Boulevard Apartments, Inc.	(Audited) Olive Avenue Apartments, Inc.	(Audited) Henry House	Total	Eliminations	Combined
REVENUE AND SUPPORT									
Government and contracts	\$ 13,226,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,226,288	\$ -	\$ 13,226,288
Grants and contributions	3,812,648						3,812,648		3,812,648
Client rent and fees, net	1,484,312	632,411	220,983	121,506	208,903	27,433	2,695,548		2,695,548
In-kind contributions (Note 17)	1,210,114						1,210,114		1,210,114
Special events	67,328						67,328		67,328
Investment and other income	39,200	5,667	607	3,886	5,082		54,442	(6,801)	47,641
TOTAL REVENUE AND SUPPORT	<u>19,839,890</u>	<u>638,078</u>	<u>221,590</u>	<u>125,392</u>	<u>213,985</u>	<u>27,433</u>	<u>21,066,368</u>	<u>(6,801)</u>	<u>21,059,567</u>
EXPENSES									
Program services	14,772,748	651,216	145,047	223,212	174,783	34,095	16,001,101		16,001,101
Mangement and general	2,012,146	48,841	20,790	12,356	25,600	3,006	2,122,739		2,122,739
Fundraising	820,471						820,471		820,471
TOTAL EXPENSES	<u>17,605,365</u>	<u>700,057</u>	<u>165,837</u>	<u>235,568</u>	<u>200,383</u>	<u>37,101</u>	<u>18,944,311</u>	<u>-</u>	<u>18,944,311</u>
CHANGE IN NET ASSETS	2,234,525	(61,979)	55,753	(110,176)	13,602	(9,668)	2,122,057	(6,801)	2,115,256
NET ASSETS, BEGINNING OF YEAR	<u>7,153,112</u>	<u>1,721,896</u>	<u>335,254</u>	<u>617,557</u>	<u>(242,574)</u>	<u>22,693</u>	<u>9,607,938</u>	<u>121,287</u>	<u>9,729,225</u>
NET ASSETS, END OF YEAR	<u>\$ 9,387,637</u>	<u>\$ 1,659,917</u>	<u>\$ 391,007</u>	<u>\$ 507,381</u>	<u>\$ (228,972)</u>	<u>\$ 13,025</u>	<u>\$ 11,729,995</u>	<u>\$ 114,486</u>	<u>\$ 11,844,481</u>

See independent auditors' report.

**BUCKELEW PROGRAMS
AND AFFILIATES**

COMBINING STATEMENT OF FUNCTIONAL EXPENSES - MANAGEMENT AND GENERAL ONLY

For the year ended June 30, 2023

	(Audited) Buckelew Programs	(Audited) BCHDO, Inc.	(Reviewed) Buckelew Housing, Inc.	(Audited) Boulevard Apartments, Inc.	(Audited) Olive Avenue Apartments, Inc.	(Audited) Henry House	Eliminations	Combined
Staff compensation	\$ 1,066,678	\$ 11,951	\$ 10,218	\$ 2,362	\$ 1,524	\$ -	\$ -	\$ 1,092,733
Taxes and benefits	276,851							276,851
Total personnel costs	<u>1,343,529</u>	<u>11,951</u>	<u>10,218</u>	<u>2,362</u>	<u>1,524</u>	<u>-</u>	<u>-</u>	<u>1,369,584</u>
Rent	90,883			1,281	3,992			96,156
Professional services	384,922	25,910	7,248	6,436	14,098	2,568		441,182
Utilities	6,843	409	1,660		5,096	161		14,169
Equipment and furniture	1,086	3,785						4,871
Building repair and maintenance	2,030							2,030
Food and meals	10							10
Depreciation	469							469
Supplies	3,489		221	2,211	132	39		6,092
Travel and transportation	7,386							7,386
Insurance	31,307							31,307
Staff development	43,618	132	798		121			44,669
Bad debt	45,360	1,193						46,553
Advertising and promotion		201						201
Taxes, licenses, and fees	3,412							3,412
Meetings	15,348							15,348
Interest								-
Miscellaneous	2,960	5,260	645	66	637	170		9,738
Dues and membership	21,597							21,597
Equipment leasing and maintenance	4,575							4,575
Stipends								-
Bank service charge	2,824							2,824
Postage and shipping	498					68		566
TOTAL 2023 FUNCTIONAL EXPENSES	<u><u>\$ 2,012,146</u></u>	<u><u>\$ 48,841</u></u>	<u><u>\$ 20,790</u></u>	<u><u>\$ 12,356</u></u>	<u><u>\$ 25,600</u></u>	<u><u>\$ 3,006</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,122,739</u></u>

See independent auditors' report.

**BUCKELEW PROGRAMS
AND AFFILIATES**

COMBINING STATEMENT OF FUNCTIONAL EXPENSES - PROGRAMS ONLY
For the year ended June 30, 2023

	(Audited) Bucklew Programs	(Audited) BCHDO, Inc.	(Reviewed) Bucklew Housing, Inc.	(Audited) Boulevard Apartments, Inc.	(Audited) Olive Avenue Apartments, Inc.	(Audited) Henry House	Eliminations	Combined
Staff compensation	\$ 7,714,574	\$ 10,700	\$ 16,185	\$ 6,703	\$ 10,825	\$ -	\$ -	\$ 7,758,987
Taxes and benefits	1,872,262	14,618	14,777	7,316	10,053			1,919,026
Total personnel costs	9,586,836	25,318	30,962	14,019	20,878	-	-	9,678,013
Rent	2,004,213			3,636	7,374			2,015,223
Professional services	536,663	23,198	11,480	18,267	18,035			607,643
Utilities	554,672	42,518	20,368	17,847	26,402	12,969		674,776
Equipment and furniture	341,944	3,388						345,332
Building repair and maintenance	282,126	233,651	34,669	32,017	39,815	19,272		641,550
Food and meals	282,846							282,846
Depreciation	279,763	157,810	30,273	91,698	47,897			607,441
Supplies	219,911		350	6,274	245			226,780
Travel and transportation	211,848							211,848
Insurance	118,905	41,633	4,561	7,177	12,738	1,854		186,868
Staff development	69,437	119	1,264		223			71,043
Bad debt	40,119	1,068						41,187
Advertising and promotion	16,543	180						16,723
Taxes, licenses, and fees	57,365							57,365
Meetings	11,686							11,686
Interest	57,384	117,257	10,098	31,963				216,702
Miscellaneous	48,530	5,076	1,022	314	1,176			56,118
Dues and membership	16,383							16,383
Equipment leasing and maintenance	22,387							22,387
Stipends	8,286							8,286
Bank service charge	2,015							2,015
Postage and shipping	2,886							2,886
TOTAL 2023 FUNCTIONAL EXPENSES	\$ 14,772,748	\$ 651,216	\$ 145,047	\$ 223,212	\$ 174,783	\$ 34,095	\$ -	\$ 16,001,101

See independent auditors' report.

**BUCKELEW PROGRAMS
AND AFFILIATES**

COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

	(Audited) Buckelew Programs	(Audited) BCHDO, Inc.	(Reviewed) Buckelew Housing, Inc.	(Audited) Boulevard Apartments, Inc.	(Audited) Olive Avenue Apartments, Inc.	Henry House	Total	Eliminations	Combined
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:									
Change in net assets	\$ 2,234,525	\$ (61,979)	\$ 55,753	\$ (110,176)	\$ 13,602	\$ (9,668)	\$ 2,122,057	\$ (6,801)	\$ 2,115,256
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:									
Depreciation	280,386	157,810	30,273	91,698	47,897		608,064		608,064
Amortization of debt issuance costs		198					198		198
Donated property	(1,200,000)						(1,200,000)		(1,200,000)
Proceeds from sale of donated property given in fulfillment of pledge receivable	1,773,845						1,773,845		1,773,845
(Gain) on sale of donated property given in fulfillment of pledge receivable	(273,845)						(273,845)		(273,845)
(Gain) on investment in affiliates	(6,801)						(6,801)	6,801	-
Amortization of right-of-use assets - operating leases	381,496						381,496		381,496
Reduction of lease liabilities - operating leases	(362,365)						(362,365)		(362,365)
Amortization of right-of-use assets - finance leases	34,788						34,788		34,788
(Increase) decrease in operating assets:									
Contract, tenant rents, grants and pledges receivables	(878,779)	13,169	(465)	5,950	(6,972)		(867,097)		(867,097)
Prepaid expenses	(55,570)	(742)	(264)		(582)		(57,158)		(57,158)
Deposits	(34,928)						(34,928)		(34,928)
Increase (decrease) in operating liabilities:									
Accounts payable and accrued liabilities	260,035	(40,554)	468	(402)	6,810	1,670	228,027		228,027
Accrued mortgage interest payable		45,930	(231)	31,956			77,655		77,655
Tenant security deposits		555	(144)				411		411
Deferred income		7,851	(694)	(11)	(6,521)		625		625
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,152,787</u>	<u>122,238</u>	<u>84,696</u>	<u>19,015</u>	<u>54,234</u>	<u>(7,998)</u>	<u>2,424,972</u>	<u>-</u>	<u>2,424,972</u>
CASH FLOWS FROM INVESTING ACTIVITIES:									
Payments on notes receivable from affiliate	8,309						8,309	(8,309)	-
Purchase of property and equipment	(81,748)	(68,755)	(15,244)	(823)	(107,702)		(274,272)		(274,272)
Net (decrease) increase to restricted reserves and security deposits		(38,163)	(48,327)	(11,252)	49,638	(1,664)	(49,768)		(49,768)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(73,439)</u>	<u>(106,918)</u>	<u>(63,571)</u>	<u>(12,075)</u>	<u>(58,064)</u>	<u>(1,664)</u>	<u>(315,731)</u>	<u>(8,309)</u>	<u>(324,040)</u>
CASH FLOWS (TO) FINANCING ACTIVITIES:									
Principal payments on finance leases	(33,365)						(33,365)		(33,365)
Principal payments on loan from affiliate		(8,309)					(8,309)	8,309	-
Principal payments on notes payable	(81,563)	(40,371)	(30,069)				(152,003)		(152,003)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	<u>(114,928)</u>	<u>(48,680)</u>	<u>(30,069)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(193,677)</u>	<u>8,309</u>	<u>(185,368)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,964,420</u>	<u>(33,360)</u>	<u>(8,944)</u>	<u>6,940</u>	<u>(3,830)</u>	<u>(9,662)</u>	<u>1,915,564</u>	<u>-</u>	<u>1,915,564</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,479,510</u>	<u>334,003</u>	<u>49,962</u>	<u>1,302</u>	<u>8,282</u>	<u>14,584</u>	<u>1,887,643</u>		<u>1,887,643</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,443,930</u>	<u>\$ 300,643</u>	<u>\$ 41,018</u>	<u>\$ 8,242</u>	<u>\$ 4,452</u>	<u>\$ 4,922</u>	<u>\$ 3,803,207</u>	<u>\$ -</u>	<u>\$ 3,803,207</u>
SUPPLEMENTAL DISCLOSURE:									
Operating activities reflect interest paid of	\$ 57,384	\$ 66,093	\$ 12,978	\$ -	\$ -	\$ -	\$ 136,455	\$ -	\$ 136,455
NON-CASH OPERATING ACTIVITIES:									
Fulfillment of pledge receivable with donated property, immediately sold	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000
Right-of-use assets/lease liabilities - operating leases from adoption of ASC 842	\$ 1,671,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,671,905	\$ -	\$ 1,671,905
NON-CASH INVESTING ACTIVITIES:									
Donated property received and held	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000	\$ -	\$ 1,200,000
NON-CASH FINANCING ACTIVITIES:									
Right-of-use assets/lease liabilities - finance leases from adoption of ASC 842	\$ 105,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,597	\$ -	\$ 105,597

See independent auditors' report.

**BUCKELEW PROGRAMS
AND AFFILIATES**

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2023
With comparative totals for the year ended June 30, 2022

	Program Services				Total	
	100 M.A.I.L. Program	200 R.S.S. Program	600 Sonoma Program	Other Programs	Program Services 2023	2022
Staff compensation	\$ 1,042,915	\$ 1,475,477	\$ 1,945,981	\$ 3,250,201	\$ 7,714,574	\$ 6,236,878
Taxes and benefits	253,556	365,511	478,952	774,243	1,872,262	1,304,751
Total personnel costs	1,296,471	1,840,988	2,424,933	4,024,444	9,586,836	7,541,629
Rent	845,868	17,272	435,808	705,265	2,004,213	1,925,170
Professional services	110,812	101,968	115,150	208,733	536,663	322,144
Utilities	156,548	97,735	146,325	154,064	554,672	427,460
Equipment and furniture	82,837	47,591	92,702	118,814	341,944	371,233
Building repair and maintenance	71,610	81,220	42,997	86,299	282,126	286,412
Food and meals	87,442	109,798	2,670	82,936	282,846	282,086
Depreciation	13,265	68,609	1,250	196,639	279,763	287,045
Supplies	28,723	51,817	47,321	92,050	219,911	186,781
Travel and transportation	51,798	16,834	82,176	61,040	211,848	173,172
Insurance	30,886	26,457	22,869	38,693	118,905	85,001
Staff development	13,565	10,052	13,340	32,480	69,437	34,647
Bad debt			755	39,364	40,119	28,742
Advertising and promotion	1,941	1,141	224	13,237	16,543	23,746
Taxes, licenses, and fees	5,379	19,989	9,585	22,412	57,365	36,902
Meetings	3,290	1,591	3,361	3,444	11,686	2,974
Interest		31,207		26,177	57,384	59,872
Miscellaneous	2,764	6,837	4,820	34,109	48,530	42,025
Dues and membership	2,435	3,109	1,255	9,584	16,383	7,617
Equipment leasing and maintenance	1,383	4,481	5,864	10,659	22,387	9,365
Stipends	85	8,201			8,286	9,309
Bank service charge			70	1,945	2,015	2,100
Postage and shipping	318	403	729	1,436	2,886	3,086
TOTAL 2023 FUNCTIONAL EXPENSES	\$ 2,807,420	\$ 2,547,300	\$ 3,454,204	\$ 5,963,824	\$ 14,772,748	
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 2,516,156	\$ 2,073,029	\$ 2,549,393	\$ 5,009,940		\$ 12,148,518

See independent auditors' report.

**BUCKELEW PROGRAMS
AND AFFILIATES**

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2023
With comparative totals for the year ended June 30, 2022
continued

	Program Services	Management and General	Fundraising	Total Expenses	
				2023	2022
Staff compensation	\$ 7,714,574	\$ 1,066,678	\$ 414,756	\$ 9,196,008	\$ 7,612,012
Taxes and benefits	1,872,262	276,851	114,704	2,263,817	1,606,428
Total personnel costs	9,586,836	1,343,529	529,460	11,459,825	9,218,440
Rent	2,004,213	90,883	25,267	2,120,363	2,012,856
Professional services	536,663	384,922	129,848	1,051,433	708,321
Utilities	554,672	6,843	2,736	564,251	434,869
Equipment and furniture	341,944	1,086	11,350	354,380	394,386
Building repair and maintenance	282,126	2,030	430	284,586	287,348
Food and meals	282,846	10		282,856	282,086
Depreciation	279,763	469	154	280,386	288,068
Supplies	219,911	3,489	24,327	247,727	216,667
Travel and transportation	211,848	7,386	745	219,979	183,159
Insurance	118,905	31,307	4,941	155,153	116,232
Staff development	69,437	43,618	1,339	114,394	67,968
Bad debt	40,119	45,360		85,479	28,742
Advertising and promotion	16,543		48,759	65,302	60,247
Taxes, licenses, and fees	57,365	3,412	1,107	61,884	39,167
Meetings	11,686	15,348	31,042	58,076	33,930
Interest	57,384			57,384	59,872
Miscellaneous	48,530	2,960	932	52,422	89,233
Dues and membership	16,383	21,597	409	38,389	20,016
Equipment leasing and maintenance	22,387	4,575	1,366	28,328	12,016
Stipends	8,286			8,286	9,309
Bank service charge	2,015	2824	3097	7,936	7,451
Postage and shipping	2,886	498	3,162	6,546	6,501
TOTAL 2023 FUNCTIONAL EXPENSES	\$ 14,772,748	\$ 2,012,146	\$ 820,471	\$ 17,605,365	
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 12,148,518	\$ 1,714,809	\$ 713,557		\$ 14,576,884

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