

**BUCKELEW PROGRAMS**



**FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
Buckelew Programs

### Report on the Financial Statements

We have audited the accompanying financial statements of Buckelew Programs (a nonprofit organization), which comprise of the Statement of Financial Position as of June 30, 2019, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

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

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matters

#### *Transactions with Affiliated Companies*

As discussed in Note 1 to the financial statements, the financial statements of Buckelew Programs have been prepared without combining the financial statements of related entities under common control. Combined financial statements will be issued and those statements are the general purpose financial statements of the primary reporting entity.

#### *Report on Summarized Comparative Information*

We have previously audited Buckelew Programs' 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2020, on our consideration of Buckelew Programs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Buckelew Programs' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buckelew Programs' internal control over financial reporting and compliance.

*Harrington Group*

Oakland, California

February 24, 2020

## BUCKELEW PROGRAMS

### STATEMENT OF FINANCIAL POSITION

June 30, 2019

With comparative totals at June 30, 2018

	2019	2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 1,023,887	\$ 1,838,640
Contracts receivable, net of allowance of \$30,000 (Note 4)	1,732,875	1,242,460
Grants and pledges receivable	96,048	43,952
In-kind rent receivable	-	36,626
Unbilled contracts receivable (Note 2)	-	78,411
Other receivables	159,805	30,000
Prepaid expenses	248,532	189,526
Total current assets	3,261,147	3,459,615
Note receivable from affiliate (Note 5)	133,559	140,230
Pooled investment funds (Note 6)	-	261,478
Property and equipment, net (Note 8)	5,866,297	6,141,428
Deposits	156,065	121,263
Deficit on investment (Note 9)	(63,642)	(51,700)
<b>TOTAL ASSETS</b>	<b>\$ 9,353,426</b>	<b>\$ 10,072,314</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 399,283	\$ 391,861
Accrued liabilities (Note 10)	764,991	739,810
Accrued unemployment liability (Note 11)	17,740	52,463
Current portion of long-term debt (Note 12)	74,792	78,074
Total current liabilities	1,256,806	1,262,208
Loans and notes payable (Note 12)	2,813,994	2,889,364
<b>TOTAL LIABILITIES</b>	<b>4,070,800</b>	<b>4,151,572</b>
<b>NET ASSETS</b>		
Without donor restrictions	4,859,918	5,503,324
Without donor restrictions - non-controlling interest	(63,642)	(51,700)
With donor restrictions (Note 14)	486,350	469,118
<b>TOTAL NET ASSETS</b>	<b>5,282,626</b>	<b>5,920,742</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,353,426</b>	<b>\$ 10,072,314</b>

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

## BUCKELEW PROGRAMS

### STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

With comparative totals for the year ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
<b>REVENUE AND SUPPORT</b>				
Government and contracts	\$ 9,594,281	\$ -	\$ 9,594,281	\$ 12,009,273
Client rent and fees	1,580,286		1,580,286	1,439,493
Grants and contributions	289,375	592,885	882,260	1,428,602
Special events (net of expense of \$81,930)	168,264		168,264	168,898
In-kind contributions	47,597		47,597	36,091
Investment and other income	46,581		46,581	13,140
Net assets released from restrictions (Note 14)	575,653	(575,653)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>12,302,037</b>	<b>17,232</b>	<b>12,319,269</b>	<b>15,095,497</b>
<b>EXPENSES</b>				
Program services	10,726,115		10,726,115	10,404,757
Management and general	1,771,274		1,771,274	1,849,779
Fundraising	459,996		459,996	386,591
<b>TOTAL EXPENSES</b>	<b>12,957,385</b>	<b>-</b>	<b>12,957,385</b>	<b>12,641,127</b>
<b>CHANGE IN NET ASSETS</b>	<b>(655,348)</b>	<b>17,232</b>	<b>(638,116)</b>	<b>2,454,370</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>5,451,624</b>	<b>469,118</b>	<b>5,920,742</b>	<b>3,466,372</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 4,796,276</b>	<b>\$ 486,350</b>	<b>\$ 5,282,626</b>	<b>\$ 5,920,742</b>

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

## BUCKELEW PROGRAMS

### STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019

With comparative totals for the year ended June 30, 2018

	Program	Management	Fundraising	Total Expenses	
	Services	and General		2019	2018
Staff compensation	\$ 5,147,375	\$ 949,013	\$ 170,269	\$ 6,266,657	\$ 6,517,430
Taxes and benefits	1,127,097	198,793	37,731	1,363,621	1,545,198
Total personnel costs	6,274,472	1,147,806	208,000	7,630,278	8,062,628
Rent	1,701,308	84,429	12,195	1,797,932	1,913,033
Professional services	207,186	315,055	84,822	607,063	523,592
Miscellaneous	381,266	73,456	75	454,797	37,693
Utilities	364,285	17,201	2,283	383,769	394,137
Food and meals	371,163	47		371,210	313,786
Depreciation	291,124	9,603		300,727	181,190
Building repair and maintenance	287,646	4,689	517	292,852	230,283
Supplies	229,690	24,040	10,428	264,158	195,984
Travel and transportation	143,163	7,355	1,190	151,708	145,540
Equipment leasing and maintenance	70,874	1,188	39,354	111,416	101,178
Insurance	72,784	25,370	2,830	100,984	101,431
Equipment and furniture	77,770	1,887	185	79,842	89,895
Advertising and promotion	17,925	379	56,814	75,118	56,230
Interest	71,623			71,623	71,483
Bad debt	65,740		3,000	68,740	17,911
Taxes, licenses, and fees	50,078	6,266	448	56,792	51,268
Staff development	22,928	23,534	588	47,050	55,437
Meetings	2,541	4,756	25,975	33,272	38,277
Dues and membership	6,254	20,476	249	26,979	28,565
Stipends	13,941			13,941	11,796
Postage and shipping	95	3,336	5,627	9,058	8,907
Bank service charge	2,259	401	5,416	8,076	10,883
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<b>\$ 10,726,115</b>	<b>\$ 1,771,274</b>	<b>\$ 459,996</b>	<b>\$ 12,957,385</b>	
<b>TOTAL 2018 FUNCTIONAL EXPENSES</b>	<b>\$ 10,404,757</b>	<b>\$ 1,849,779</b>	<b>\$ 386,591</b>		<b>\$ 12,641,127</b>

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

## BUCKELEW PROGRAMS

### STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019

With comparative totals for the year ended June 30, 2018

continued

	Program Services				Total	
	100 M.A.I.L. Program	200 R.S.S. Program	600 Sonoma Program	Other Programs	Program Services 2019	2018
Staff compensation	\$ 971,391	\$ 1,135,186	\$ 857,989	\$ 2,182,809	\$ 5,147,375	\$ 5,279,700
Taxes and benefits	210,556	238,873	198,997	478,671	1,127,097	1,293,341
Total personnel costs	1,181,947	1,374,059	1,056,986	2,661,480	6,274,472	6,573,041
Rent	908,504	5,343	384,141	403,320	1,701,308	1,786,729
Professional services	59,313	20,976	23,567	103,330	207,186	172,165
Miscellaneous	1,401	3,027	5,830	371,008	381,266	33,472
Utilities	151,970	64,484	63,329	84,502	364,285	376,217
Food and meals	137,867	114,041	2,631	116,624	371,163	313,787
Depreciation	12,475	80,977	6,037	191,635	291,124	173,390
Building repair and maintenance	72,998	118,466	15,854	80,328	287,646	221,226
Supplies	61,125	53,126	32,281	83,158	229,690	175,831
Travel and transportation	44,803	12,630	38,263	47,467	143,163	140,461
Equipment leasing and maintenance	11,851	18,404	19,830	20,789	70,874	56,785
Insurance	22,599	12,801	11,094	26,290	72,784	73,098
Equipment and furniture	20,475	13,312	9,444	34,539	77,770	89,895
Advertising and promotion	4,120	7,369	1,643	4,793	17,925	17,024
Interest	13	40,148	257	31,205	71,623	71,483
Bad debt	18,487	3,081	7,806	36,366	65,740	17,911
Taxes, licenses, and fees	2,978	15,064	2,419	29,617	50,078	49,840
Staff development	4,242	6,148	1,044	11,494	22,928	32,956
Meetings	1,262	611		668	2,541	6,186
Dues and membership	1,242	709	1,177	3,126	6,254	8,138
Stipends		13,766		175	13,941	11,796
Postage and shipping	13		8	74	95	626
Bank service charge				2,259	2,259	2,700
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<b>\$ 2,719,685</b>	<b>\$ 1,978,542</b>	<b>\$ 1,683,641</b>	<b>\$ 4,344,247</b>	<b>\$ 10,726,115</b>	
<b>TOTAL 2018 FUNCTIONAL EXPENSES</b>	<b>\$ 2,557,336</b>	<b>\$ 1,883,435</b>	<b>\$ 2,082,322</b>	<b>\$ 3,881,664</b>		<b>\$ 10,404,757</b>

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



## BUCKELEW PROGRAMS

### STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

With comparative totals for the year ended June 30, 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (638,116)	\$ 2,454,370
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	300,727	181,190
Loss from investment in subsidiaries	11,942	21,441
(Increase) decrease in operating assets:		
Receivables	(550,608)	944,039
Prepaid expenses	(59,006)	10,929
Deposits	(34,802)	13,668
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(2,120)	(269,394)
	<b>(971,983)</b>	<b>3,356,243</b>
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(25,596)	(2,498,839)
Net changes in certificates of deposits and pooled investments	261,478	(16,478)
	<b>235,882</b>	<b>(2,515,317)</b>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Loan principal payments	(78,652)	(69,089)
	<b>(78,652)</b>	<b>(69,089)</b>
<b>NET CASH (USED) BY FINANCING ACTIVITIES</b>		
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(814,753)</b>	<b>771,837</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,838,640</b>	<b>1,066,803</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,023,887</b>	<b>\$ 1,838,640</b>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Operating activities reflect interest paid of:	<b>\$ 71,623</b>	<b>\$ 71,483</b>

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

# BUCKELEW PROGRAMS

## NOTES TO FINANCIAL STATEMENTS

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### 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.

#### Affiliate 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 holds fifty percent control, through board membership, of 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 financial statements is as follows:

#### Basis of Presentation

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

# BUCKELEW PROGRAMS

## NOTES TO FINANCIAL STATEMENTS

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### 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 that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Cash and Cash Equivalents

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

#### Contracts Receivable

Contracts receivable primarily consists of various third party payment arrangements that are stated at the amount management expects to collect. Buckelew provides 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's 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 as 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.

#### Unbilled Receivables

Unbilled receivables represent amounts billable to a few Sonoma contracts, client rents and other small grant amounts which have not yet been billed as of June 30, 2019. Management believes these amounts will be collectible once billed.

continued

## BUCKELEW PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

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#### 2. Summary of Significant Accounting Policies, continued

##### **Pledges and In-kind Contributions**

Buckelew is required to measure new pledges 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 places its 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 has not incurred losses related to these investments.

The primary receivable balance outstanding at June 30, 2019 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risk with respect to these trade receivables is limited, as the majority of Buckelew's receivables consist of earned fees from contract programs.

Approximately 78% of aggregate revenue generated by Buckelew at June 30, 2019 was derived from government and non-government contracts.

##### **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 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, Services, and Facilities**

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, 2019, Buckelew recorded in-kind contributions of \$47,597 for materials and facilities received. Valuation techniques used to measure the fair market value of donated materials are summarized in Note 7.

## BUCKELEW PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

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#### 2. Summary of Significant Accounting Policies, continued

##### **Income Taxes**

Buckelew is 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 its tax positions and believes that all of the positions taken by Buckelew in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Buckelew's 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's programs and other activities have been presented in the Statement of Functional Expenses. 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. Buckelew uses total direct dollars to allocate shared costs.

##### **Use of Estimates**

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

##### **Recently Adopted Accounting Pronouncement**

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now titled "without donor restrictions" and "with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for the periods prior to adoption. Buckelew's financial statements for the year ended June 30, 2019 are presented in accordance with ASU 2016-14.

continued

## BUCKELEW PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

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#### 2. Summary of Significant Accounting Policies, continued

##### Comparative Totals

The 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's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

##### Reclassification

Certain amounts from the June 30, 2018 financial statements have been reclassified to conform to the June 30, 2019 presentation.

#### 3. Liquidity and Availability of Resources

Buckelew 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 considers 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 monthly to review all financial aspects of the organization and meets quarterly with the full Buckelew 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 operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of June 30, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$1,023,887
Contracts receivable	1,732,875
Grants and pledges receivable	96,048
Other receivables	<u>159,805</u>
Total financial assets	3,012,615
Less: donor restricted fund-time and purpose	<u>(468,350)</u>
Financial assets available for general expenditures	<u>\$2,544,265</u>

continued

## BUCKELEW PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

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#### 4. Contracts Receivable

Contracts receivable for Buckelew, at June 30, 2019 consist of the following:

Contracts receivable	\$1,762,875
Less: allowance for doubtful accounts	<u>(30,000)</u>
	<u>\$1,732,875</u>

#### 5. Note Receivable from Affiliate

Note receivable from affiliate as of June 30, 2019 consists of an unsecured note receivable from BCHDO, a California nonprofit public benefit corporation, which is related to Buckelew by Buckelew's ability to appoint members to BCHDO's board of directors. The note is due in monthly installments of \$1,185, and bears interest at 5.5% per annum due in the year 2032. As of June 30, 2019, the principal balance was \$133,559.

#### 6. Pooled Investment Funds

Buckelew established a fund with Marin Community Foundation subject to the provisions contained in an agreement dated October 5, 2001. Under this agreement, the Board of Trustees of Marin Community Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization, if, in its sole judgment, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the needs of the community served by Marin Community Foundation. With effect from September 1, 2018, the balance of \$261,478 was transferred to the Bay Area Community Resource Center ("BACRC") for the benefit of the Jeannette Prandi Children's Center, which was also transferred to BACRC on the same date.

#### 7. Fair Value Measurements

The table below presents Buckelew's transactions measured at fair value on a non-recurring basis during the year ended June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pledged contributions – new	\$ -	\$ -	\$592,885	<b>\$592,885</b>
In-kind contributions		<u>47,597</u>		<u>47,597</u>
Total	<u>\$ -</u>	<u>\$47,597</u>	<u>\$592,885</u>	<b><u>\$640,482</u></b>

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 new 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 (Level 3 inputs).

continued

## BUCKELEW PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

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#### 8. Property and Equipment

Buckelew property and equipment at June 30, 2019 consist of the following:

Land	\$ 344,212
Buildings	7,662,501
Furniture and equipment	195,131
Vehicles	214,658
Leasehold improvements	<u>21,649</u>
	8,438,151
Less: accumulated depreciation	<u>(2,571,854)</u>
	<u>\$ 5,866,297</u>

Depreciation expense for the year ended June 30, 2019 was \$300,727.

#### 9. Deficit on Investment

Buckelew owns 50% of Olive Avenue Apartments, an affiliated California non-profit public benefit corporation. At June 30, 2019, the value of Buckelew's interest in Olive Avenue Apartments is (\$63,642).

#### 10. Accrued Liabilities

Accrued liabilities at June 30, 2019 consist of the following:

Accrued vacation	\$353,541
Marin county contract payable	269,283
Accrued payroll and taxes	132,114
Other accrued liabilities	<u>10,053</u>
	<u>\$764,991</u>

#### 11. Accrued Unemployment Liability

During most of the year ended June 30, 2019, Buckelew was self-insured for unemployment claims through an arrangement with the 501c Agencies Trust ("the Trust") and had invested funds in the trust to cover any claims. The Trust funds earned interest, net of administrative fees, and claims are processed and paid by the Trust. Effective April 1, 2017, Buckelew discontinued its arrangement with the Trust. Accordingly, all funds were withdrawn from the account leaving an unemployment reserve balance of \$0 for the year ended June 30, 2019. At June 30, 2019, the estimated liability for outstanding unemployment claims is \$17,740.



## BUCKELEW PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

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#### 12. Notes Payable

Notes payable at June 30, 2019 consist of the following:

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
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.	538,442
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.	438,222
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.	287,928
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.	297,590

continued

## BUCKELEW PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

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#### 12. Notes Payable, continued

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

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

continued

## BUCKELEW PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

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#### 12. Notes Payable, continued

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

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.

Less: current portion

20,644  
2,888,786  
(74,792)  
\$2,813,994

Principal payments on the notes payable are as follows:

Year ending June 30,

2020	\$ 74,792
2021	77,580
2022	80,481
2023	83,519
2024	554,316
Thereafter	<u>2,018,098</u>
	<u>\$2,888,786</u>

continued

## BUCKELEW PROGRAMS

### NOTES TO FINANCIAL STATEMENTS

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#### 13. Commitments and Contingencies

##### Obligations Under Operating Leases

Buckelew leases facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial terms of one year or more, consist of the following:

<u>Year ending June 30,</u>	
2020	\$ 573,811
2021	297,181
2022	274,757
2023	172,507
2024	126,608
Thereafter	<u>261,949</u>
	<u>\$1,706,813</u>

Rent expense under operating leases for the year ended June 30, 2019 was \$1,847,757.

##### Contracts

Buckelew's 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, has no provisions for the possible disallowance of program costs on its financial statements.

#### 14. Net Asset With Donor Restrictions

Net assets with donor restrictions by time or purpose at June 30, 2019 consist of the following:

Electronic health records	\$250,000
Counseling services	97,500
Suicide prevention	59,208
Sonoma programs	25,000
Family services counseling	24,997
Vocational services	16,667
Novato programs	<u>12,978</u>
	<u>\$486,350</u>

For the year ended June 30, 2019, net assets released from purpose restrictions were \$575,653.

continued

## **BUCKELEW PROGRAMS**

### NOTES TO FINANCIAL STATEMENTS

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#### **15. Subsequent Event**

Management has evaluated subsequent events through February 24, 2020, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.