

SHINE TOGETHER

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021**

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WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021

TABLE OF CONTENTS

<u>Financial Statements</u>	<u>Page</u>
Independent Auditor's Report.....	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to the Financial Statements.....	7-14



Board of Directors
Shine Together
Milpitas, California

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of Shine Together, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shine Together as of June 30, 2022, and the results of its operations and its 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shine Together and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute



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assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Report on Summarized Comparative Information

We have previously audited Shine Together's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

Rancho Cordova, California
December 6, 2022

SHINE TOGETHER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current:		
Cash and Cash Equivalents	\$ 1,188,360	\$ 1,328,493
Grants and Contributions Receivable	603,952	416,566
Other Assets	22,034	44,955
Long Term Assets:		
Grants and Contributions Receivable	37,762	242,188
Property, Equipment, and Intangibles, net	66,332	12,326
TOTAL ASSETS	<u>\$ 1,918,440</u>	<u>\$ 2,044,528</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 24,593	\$ 14,210
Accrued Expenses	43,794	106,269
Economic Injury Disaster (EID) Loan	3,526	
Subtotal Current Liabilities	<u>71,913</u>	<u>120,479</u>
Long Term Liabilities:		
Economic Injury Disaster (EID) Loan	146,474	150,000
Subtotal Long Term Liabilities	<u>146,474</u>	<u>150,000</u>
Total Liabilities	<u>218,387</u>	<u>270,479</u>
Net Assets:		
Without Donor Restrictions	1,245,629	917,387
With Donor Restrictions	454,425	856,662
Total Net Assets	<u>1,700,054</u>	<u>1,774,049</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,918,440</u>	<u>\$ 2,044,528</u>

See notes to financial statements

SHINE TOGETHER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022 WITH SUMMARIZED
COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	<u>Without</u>	<u>With</u>	<u>Totals</u>	<u>Totals</u>
	<u>Donor Restrictions</u>	<u>Donor Restrictions</u>		
<u>SUPPORT AND REVENUE</u>				
Public Support				
Contributions:				
Foundations	\$ 161,300	\$ 726,074	\$ 887,374	\$ 1,624,242
Government Grant	526,534	40,000	566,534	441,530
Individuals and Corporations	590,131	15,500	605,631	688,623
In-Kind	67,513	-	67,513	90,380
Events, net of Expenses	63,350	-	63,350	35,957
Other	301	-	301	-
	<u>1,409,129</u>	<u>781,574</u>	<u>2,190,703</u>	<u>2,880,732</u>
Total Support				
	<u>1,409,129</u>	<u>781,574</u>	<u>2,190,703</u>	<u>2,880,732</u>
Net Assets released from				
Satisfaction of restrictions	1,183,811	(1,183,811)	-	-
	<u>1,183,811</u>	<u>(1,183,811)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>2,592,940</u>	<u>(402,237)</u>	<u>2,190,703</u>	<u>2,880,732</u>
<u>EXPENSES</u>				
Program Services	1,665,284	-	1,665,284	1,568,247
Supporting Services:				
Management and General	411,916	-	411,916	221,122
Fundraising	187,498	-	187,498	274,497
	<u>2,264,698</u>	<u>-</u>	<u>2,264,698</u>	<u>2,063,866</u>
Total Expenses	<u>2,264,698</u>	<u>-</u>	<u>2,264,698</u>	<u>2,063,866</u>
CHANGES IN NET ASSETS	328,242	(402,237)	(73,995)	816,866
Net Assets, Beginning of Year	<u>917,387</u>	<u>856,662</u>	<u>1,774,049</u>	<u>957,183</u>
NET ASSETS - AT END OF YEAR	<u>\$ 1,245,629</u>	<u>\$ 454,425</u>	<u>\$ 1,700,054</u>	<u>\$ 1,774,049</u>

See notes to financial statements

SHINE TOGETHER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022 WITH SUMMARIZED
COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>		<u>Supporting Services</u>		<u>2022</u>		<u>2021</u>
	<u>Programs</u>		<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>		<u>Totals</u>
Salaries	\$ 825,806	\$	124,932	\$ 62,596	\$ 1,013,334	\$	1,127,318
Program Partner Contracts	345,904		-	-	345,904		317,529
Employee benefits	92,964		14,345	7,534	114,843		135,767
Payroll Taxes	71,088		10,755	5,388	87,231		93,402
Inkind Rent Expense	54,241		8,207	4,112	66,560		90,380
Audit/Accounting	-		81,929	-	81,929		45,428
Other Contractors	78,831		143,600	82,651	305,082		44,660
Program Development	24,345		2,600	4,850	31,795		26,596
Travel	15,959		1,581	70	17,610		8,059
Rent	44,311		1,395	698	46,404		19,147
Insurance	9,256		1,401	702	11,359		11,608
Program Materials	8,370		148	-	8,518		43,287
Scholarship Awards	(39,604)		-	-	(39,604)		(7,000)
Phone and Internet	11,123		6,459	804	18,386		15,471
Fundraising/Business Development				151	151		6,876
Communications & Marketing	4,814		2,172	11,829	18,815		9,987
Supplies	5,333		832	68	6,233		5,314
Office Expenses	8,033		8,752	3,596	20,381		16,427
Depreciation Expense	3,909		592	296	4,797		4,827
Payroll Service Fees	1,970		1,059	149	3,178		2,634
Staff Development	-		300	-	300		607
Meeting and Conferences				50	50		397
Membership and Dues	314		31	412	757		1,657
HR/Talent	1,399		826	1,542	3,767		1,253
Education Stipends	18,000		-	-	18,000		10,500
Direct Assistance	78,918		-	-	78,918		31,735
Total Functional Expenses	\$ 1,665,284	\$	411,916	\$ 187,498	\$ 2,264,698	\$	2,063,866

See notes to financial statements

SHINE TOGETHER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$ (73,995)	\$ 816,866
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation	4,797	4,827
PPP Loan Forgiveness		(176,100)
<i>Decrease/(increase) in assets:</i>		
Grants and Contributions Receivable	17,040	(435,791)
Other Assets	22,921	1,954
<i>Increase/(decrease) in liabilities:</i>		
Accounts Payable	10,383	(17,998)
Accrued Expenses	<u>(62,475)</u>	<u>(73,748)</u>
Net Cash (Used) by Operating Activities	<u>(81,330)</u>	<u>120,010</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Equipment, and Intangible Assets	<u>(58,803)</u>	<u>(9,505)</u>
Net Cash (Used) by Investing Activities	<u>(58,803)</u>	<u>(9,505)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(140,133)	110,505
CASH AND CASH EQUIVALENTS:		
Beginning of Year	<u>1,328,493</u>	<u>1,217,988</u>
END OF YEAR	<u>\$ 1,188,360</u>	<u>\$ 1,328,493</u>

See notes to financial statements

SHINE TOGETHER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 1: ORGANIZATION

The mission of Shine Together is to create economic advancement for multiple generations, by partnering with young mothers to further their education, build life and career skills, and nurture their children's development.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Shine Together prepares its financial statements using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when they are incurred.

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:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-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. Shine Together reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

SHINE TOGETHER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

Shine Together is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service Code and therefore has made no provisions for federal income taxes in the accompanying financial statements. Shine Together is also exempt from state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Management believes Shine Together has no uncertain tax positions as of June 30, 2022.

Use of Estimates

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

Cash and Cash Equivalents

For the statement of financial position and the statement of cash flows, cash and cash equivalents are any instruments with an original maturity date of three months or less.

Accounts Receivable

Shine Together considers all accounts receivable to be fully collectable; accordingly no allowance for doubtful accounts is required. If amounts become uncollectable, they will be charged to operations when that determination is made.

Property and Equipment

Property and equipment consist of furniture and office equipment. Shine Together records property and equipment at cost or fair value when purchased or donated, respectively, when the cost or fair value exceeds \$500. Shine Together computes depreciation using the straight-line method over the estimated useful lives of the property and equipment ranging from three to five years.

SHINE TOGETHER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions received are recorded as increases in net assets with donor restrictions or increases in net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing Shine Together's various programs and other activities have been allocated on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Some categories of expense are attributable to more than one function and are allocated on a consistent basis. Depreciation for leasehold improvements and other assets, utilities and rent are allocated based on square footage and estimated function. Salaries, benefits and payroll tax allocation are based on a percentage associated with an employee function and imputed time.

In-kind Support

Shine Together records contributions of goods and services at their fair market value only if they create or enhance a non-financial asset or require specialized skills, and would have purchased the goods or services if they did not receive them as contributions.

Advertising Costs

The production costs of advertising are expensed as incurred. During the year ended June 30, 2022 and 2021, advertising costs charged to expense totaled \$0 and \$0 respectively.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with current year presentation. The reclassifications had no effect on the change in net assets as previously reported.

SHINE TOGETHER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Comparative Information

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 Shine Together's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Note 3: GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable as of June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Foundation Receivables	\$ 332,762	\$ 577,188
Other	260,785	39,542
First 5 Fresno	26,860	21,813
Santa Clara County Probation	16,102	15,001
City of San Jose BEST	<u>5,205</u>	<u>5,210</u>
Total	<u>\$ 641,714</u>	<u>\$ 658,754</u>

All Foundation receivables are expected to be collected in one to five years and are net of a discount of \$2,238, and \$7,812 respectively.

Note 4: PROPERTY, EQUIPMENT, AND INTANGIBLE ASSETS

Property and equipment and other intangible assets are recorded at cost and depreciated using the straight-line method over estimated useful lives. Property and equipment as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Furniture and Equipment	\$ 57,192	\$ 57,192
Website	30,000	-
Rebranding	28,803	
Less: Accumulated Depreciation	<u>(49,663)</u>	<u>(44,866)</u>
Total	<u>\$ 66,332</u>	<u>\$ 12,326</u>

SHINE TOGETHER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 4: PROPERTY, EQUIPMENT, AND INTANGIBLE ASSETS (concluded)

Depreciation Expense for the years ended June 30, 2022 and 2021 was \$4,797 and \$4,827 respectively.

Note 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent donations or grants awarded to Shine Together for which expenditures have not been incurred or for which a donor stipulation has not been met. For the year ended June 30, 2022 and 2021, net assets with donor restrictions consisted of the following:

Restricted for the following purposes:	<u>2022</u>	<u>2021</u>
FY 2023 Operations	\$ 344,925	\$ 647,162
FY 2022 Building Fundraising and Development Capacity	100,000	200,000
FY 2022 Educational Stipend	<u>9,500</u>	<u>9,500</u>
Total	\$ <u><u>454,425</u></u>	\$ <u><u>856,662</u></u>

Note 6: CONCENTRATION OF SUPPORT

During the fiscal years ended June 30, 2022 and 2021, Shine Together received support from the Morgan Family Foundation of 18% and 17%, respectively, of total gross revenue.

Note 7: IN-KIND SUPPORT

Shine Together received in-kind contributions for office space. During the years ended June 30, 2022 and 2021, Shine Together recorded in-kind rent of \$67,513 and \$90,380 respectively.

SHINE TOGETHER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 8: LOAN PAYABLE – EID LOAN

On June 25, 2020, Shine Together received a loan from CRF Small Business Loan Company, LLC in the aggregate amount of \$150,000, pursuant the SBA Economic Injury Disaster Loan Program under Section 7 of the Small Business Act (as amended) which was expanded under the CARES Act.

The loan, which was in the form of a note dated June 25, 2020 issued by the borrower, matures on June 25, 2050 and bears interest at a rate of 2.75% per annum, payable in monthly installments of \$641, which includes principal and interest, commencing on July 25, 2021. The note may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds may be used for payroll and other costs as well as to cover increased costs due to supply chain interruption, to pay obligations that cannot be met due to revenue loss and for other uses.

The future annual principal payments on the notes payable are as follows:

<u>Year Ending June 30,</u>	
2023	3,526
2024	3,710
2025	3,814
2026	3,920
2027	4,030
Thereafter	<u>131,000</u>
Total	\$ <u><u>150,000</u></u>

Note 9: RETIREMENT PLAN

Shine Together has adopted a 401(k) plan for its employees. The Plan allows participating employees to defer a portion of their compensation into income tax-deferred investments. During the year ended June 30, 2022 and 2021, employee contributions to the plan totaled \$9,569 and \$14,486 respectively.

SHINE TOGETHER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 10: LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Donor restricted amounts that are available for use within one year:

Cash and Cash Equivalents	\$ 1,188,360
Receivables	<u>641,714</u>
Total Financial Assets	1,830,074

Less those unavailable for general expenditures within one year:

Receivables scheduled to be collected in more than one year	(40,000)
Receivables restricted by donors for specific uses to be collected and used within one year	(292,762)
Cash restricted by donors for specific uses	<u>(121,663)</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 1,375,649

Shine Together has \$1,375,649 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures including cash available for general expenditures of \$1,188,360. Receivables of \$641,714 are subject to implied time restrictions but are expected to be collected within one year.

Shine Together has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 3 months of normal operating expenses, which are, on average, approximately \$750,000. Shine Together has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As noted in Note 8, during the fiscal year ended June 30, 2021, Shine Together obtained an EID Loan to aid in cash needs in response to the COVID-19 Pandemic.

SHINE TOGETHER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 11: EMPLOYEE RETENTION TAX CREDIT

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Organization was eligible for a refundable employee retention credit subject to certain criteria. At June 30, 2022, the Organization recognized a receivable for a \$260,785 employee retention credit which was comprised of \$126,666 of employment taxes paid on the Form 941 Employer's Quarterly Federal Tax Return for the quarter ended June 30, 2021 and \$134,119 for employment taxes paid for the quarter ended September 30, 2021. The refunds were received in July 2022. The employee retention credit of \$260,785 is included in Grants and Contributions Receivable on the Statement of Financial Position at June 30, 2022 and in Governments Grant revenue on the Statement of Activities for the year ended June 30, 2022.

Note 12: SUBSEQUENT EVENTS

Shine Together's management has evaluated its subsequent events through December 6, 2022, the date the financial statements were available to be issued and concluded that no additional adjustments to the financial statements or disclosures are required.