

*MARIN VENTURES*

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

with

REPORT OF INDEPENDENT AUDITORS

*NOTTI & COMPANY, LLP*  
*Certified Public Accountants*

# MARIN VENTURES

## Financial Statements

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Report of Independent Auditors

To the Board of Directors of Marin Ventures

We have audited the accompanying financial statements of Marin Ventures (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, 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 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.

**Auditor's 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 risk 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 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 Marin Ventures as of June 30, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Marin Ventures June 30, 2020 financial statements, and our report dated December 9, 2020, expressed an unmodified opinion of those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Notti & Company, LLP*

Notti & Company, LLP  
San Rafael, CA  
January 19, 2022

MARIN VENTURES  
STATEMENT OF FINANCIAL POSITION  
Year ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>Memorandum total</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,457,045	\$1,057,740	
Accounts Receivable	234,740	311,422	
Prepaid expenses and other current assets	<u>27,015</u>	<u>36,287</u>	
Total current assets	1,718,800	1,405,449	
Equipment and improvements at cost (Note 2)	3,715,110	3,486,790	
Less: accumulated depreciation	<u>(318,526)</u>	<u>(205,495)</u>	
	3,396,584	3,281,295	
Other assets			
Building deposit	<u>7,000</u>	<u>31,194</u>	
<b>TOTAL ASSETS</b>	<u><u>\$ 5,122,384</u></u>	<u><u>\$ 4,717,938</u></u>	
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities			
Accrued vacation	\$ 106,911	\$ 93,546	
Accrued payroll costs	80,245	81,315	
Other accounts payable and accrued expenses	5,819	162,841	
PPP Refundable Advance Loan (Note 5)	0	359,110	
Loan payable - current	<u>141,803</u>	<u>141,803</u>	
Total current liabilities	334,778	838,615	
Other liabilities			
Loan payable - non-current (Note 4)	<u>1,959,689</u>	<u>1,878,309</u>	
<b>TOTAL LIABILITIES</b>	2,294,467	2,716,924	
Net assets			
Without donor restrictions	2,776,424	1,952,457	
With donor restrictions	<u>51,493</u>	<u>48,557</u>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 5,122,384</u></u>	<u><u>\$ 4,717,938</u></u>	

See accompanying notes and accountant's report

MARIN VENTURES  
STATEMENT OF ACTIVITIES AND  
CHANGES IN NET ASSETS  
Year ended June 30, 2021

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Memorandum Total
Support				
Donations	\$ 97,758	\$ 49,313	\$ 147,071	\$ 145,779
Revenue				
Golden Gate Regional Center	2,936,029	-	2,936,029	2,996,018
Grant Income	750	67,987	68,737	-
Extinguishment of PPP refundable loan	359,110	-	359,110	-
Sub-contract income	100	-	100	5,543
Investment income	537	-	537	1,287
Loss on sale of asset	-	-	-	(1,595)
Other income	-	-	-	100,000
Net assets released from restrictions	114,364	(114,364)	-	-
Total other revenue	<u>3,410,890</u>	<u>(46,377)</u>	<u>3,364,513</u>	<u>3,101,253</u>
Total public support and revenue	3,508,648	2,936	3,511,584	3,247,032
Expenses				
Program services	2,301,006	-	2,301,006	2,561,725
Management and general	284,859	-	284,859	273,450
Fundraising	98,816	-	98,816	95,938
Total operating expenses	<u>2,684,681</u>	<u>-</u>	<u>2,684,681</u>	<u>2,931,113</u>
Change in net assets	823,967	2,936	826,903	315,919
Net assets, beginning of year	<u>1,952,457</u>	<u>48,557</u>	<u>2,001,014</u>	<u>1,685,095</u>
Net assets, end of year	<u>\$ 2,776,424</u>	<u>\$ 51,493</u>	<u>\$ 2,827,917</u>	<u>\$ 2,001,014</u>

See accompanying notes and accountant's report

MARIN VENTURES  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2021

	2021				2020
	Program Services	Management and General	Fundraising	Total	Memorandum Total
Salaries	\$ 1,384,460	\$ 135,469	\$ 59,721	\$ 1,579,650	\$ 1,709,285
Other employee costs	276,424	2,985	2,612	282,021	235,444
Payroll taxes	105,607	10,334	4,556	120,496	124,937
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>1,766,491</b>	<b>148,788</b>	<b>66,889</b>	<b>1,982,167</b>	<b>2,069,666</b>
Accounting	-	63,045	-	63,045	34,579
Cleaning and maintenance	38,726	2,038	-	40,764	64,730
Fundraising	-	-	3,511	3,511	15,720
Insurance	22,146	5,536	-	27,682	40,022
Interest	99,721	-	-	99,721	6,368
IT services	15,500	4,133	1,033	20,666	15,510
Legal and professional fees	-	23,731	-	23,731	16,155
Licenses, permits and taxes	12,371	-	-	12,371	32,988
Marketing	10,549	10,549	21,097	42,194	42,000
Occupancy	59,568	11,169	3,723	74,460	275,842
Storage	9,336	-	-	9,336	-
Office expense & supplies	65,162	2,564	2,564	70,290	76,083
Other program expenses	12,151	-	-	12,151	36,740
Program Consultation	26,202	-	-	26,202	23,328
Relocation expenses	3,933	-	-	3,933	23,267
Staff training	6,484	-	-	6,484	34,453
Telephone and utilities	43,805	2,306	-	46,111	39,207
Travel	-	-	-	-	3,312
Vehicles	9,858	-	-	9,858	11,975
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>2,202,002</b>	<b>273,859</b>	<b>98,816</b>	<b>2,574,677</b>	<b>2,861,945</b>
Depreciation	99,004	11,000	-	110,004	69,168
<b>TOTAL EXPENSES</b>	<b>\$ 2,301,006</b>	<b>\$ 284,859</b>	<b>\$ 98,816</b>	<b>\$ 2,684,681</b>	<b>\$ 2,931,113</b>

See accompanying notes and accountant's report

MARIN VENTURES  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2021

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 826,903	\$ 315,919
Depreciation	110,004	69,168
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in current assets	76,682	(75,766)
(Increase) decrease in other assets	35,084	26,206
Increase (decrease) in accrued vacation	13,365	41,458
Increase (decrease) in accrued payroll costs	(1,070)	14,913
Increase (decrease) in accrued expenses	(157,022)	109,064
Net cash provided (used) by operating activities	903,946	500,962
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property and equipment	(229,229)	(3,247,092)
Net cash provided (used) by investing activities	(229,229)	(3,247,092)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan	(359,110)	359,110
Proceeds from building loans	-	2,025,609
Principal payments on building loans	83,698	-
Net cash provided (used) by financing activities	(275,412)	2,384,719
Net increase (decrease) in cash and cash equivalents	399,305	(361,411)
Cash and cash equivalents, beginning of year	1,057,740	1,419,151
Cash and cash equivalents, end of year	\$ 1,457,045	\$ 1,057,740

See accompanying notes and accountant's report

MARIN VENTURES  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Marin Ventures (The Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representative of the Organization's management who is responsible for their integrity and objectivity.

ORGANIZATION

Marin Ventures, a California non-profit public benefit corporation, was incorporated on March 29, 1990. It is organized under the Nonprofit Public Benefit Corporation Law of the State of California. The specific purposes for which this corporation is organized are to assist mentally, physically, and developmentally disabled adults to become more self-reliant and productive members of their communities through participating in the agency sponsored programs.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

BASIS OF PRESENTATION

Financial statement presentation follows Not-for-Profit Entities topics of the Financial Accounting Standards Codification. As such, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

INCOME TAXES

The Organization is exempt from federal income taxes and state franchise taxes under Section 501 ( c ) (3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California. In addition, Marin Ventures has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Internal Revenue Code.

The federal income tax returns for the prior three years and the state income tax returns for the prior four years are subject to examination by the Internal Revenue Service or Franchise Tax Board respectively, per Internal Revenue Service and Franchise Tax Board statute of limitations.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, except for donated property and equipment which is stated at estimated fair market value on date of receipt. Depreciation of property and equipment is recorded on straight-line method based on the estimated useful lives of the assets.



MARIN VENTURES  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist principally of amounts on deposit with commercial banks and registered investment companies, available within 90 days of demand. The carrying amount of such cash equivalents approximates fair value due to the short-term nature of these instruments.

At various times during the year ended June 30, 2021, cash and cash equivalents on deposit with commercial banks exceeded federal deposit insurance limits.

UNCERTAIN TAX POSITION

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

RESTRICTIONS ON NET ASSETS

All revenues are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes, are reported as net assets with donor restrictions. When a restriction is fulfilled or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Net assets with donor restrictions are available for the following purposes as of June 30, 2021:

Subject to expenditure for specified purposes:

Outdoor Space	\$ 49,313
Client Admissions	1,409
Garden Improvement	<u>771</u>
	<u>\$ 51,493</u>

REVENUE RECOGNITION

Contributions are recognized at either time of receipt or when a donor makes a promise that is, in substance, unconditional. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Grants and contract income are recognized and accrued as a receivable at the time that services have been rendered and earned.

MARIN VENTURES  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor-imposed restrictions:

Financial Assets at year-end	\$ 1,457,045
Less those unavailable for general expenditures within one year, due to:	
Donor restricted to outdoor space	49,313
Donor restricted to client admissions	1,409
Donor restricted to garden improvements	<u>771</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,405,552</u>

As part of the Organization's liquidity management, all cash is deposited into the main checking account for access when needed.

SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 19, 2022 (the date the financial statements were available to be issued).

NOTE 2. PROPERTY AND LEASEHOLD IMPROVEMENTS

Property and leasehold improvements consist of the following:

Building Improvements	\$ 1,385,465
Land	1,000,000
Building	859,345
Vehicles	229,909
Furniture & Fixtures	113,927
Interest	64,951
Computers	<u>61,513</u>
Sub-total	3,715,110
Accumulated Depreciation	<u>(318,526)</u>
Total	<u>\$ 3,396,584</u>

MARIN VENTURES  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 3. EMPLOYEE BENEFIT PLAN

On April 1, 1998, the Organization adopted a retirement plan covering substantially all employees. Under the plan, the Organization has the choice of making additional contributions. The Board of Directors has approved matching contributions of up to 3% in the past. The Board elects from year to year if the Organization will match contributions. There were no employer contributions in the fiscal year ended June 30, 2021.

NOTE 4. DEBT OBLIGATIONS

Marin Ventures non-current debt consists of the following:

Five year promissory note at a 5% annual rate, with a balloon payment of all principal and interest due on August 1, 2025.	\$ 1,422,864
Note payable to Bank of Marin for up to \$800,000, due in monthly installments starting October 1, 2020 and maturing on September 1, 2025 at an interest rate of 4.42%	678,628
Less: current portion	<u>(141,803)</u>
Total non-current debt	<u>\$ 1,959,689</u>

Marin Ventures also has a line of credit available to them through Bank of Marin for \$250,000 with a new maturity date of February 5, 2022. As of June 30, 2021, there was \$0 drawn on the line of credit.

NOTE 5. PPP REFUNDABLE ADVANCE LOAN

On April 21, 2020, Marin Ventures received a loan of \$359,110 from the Small Business Administration's Paycheck Protection Program (PPP). On June 14, 2021, the Organization received notice from the Small Business Administration that the full loan was forgiven. At the time of forgiveness, the full amount of \$359,110 was recognized as Extinguishment of PPP Refundable Loan on the Statement of Activities and Changes in Net Assets.

NOTE 6. RISKS AND UNCERTAINTIES

The Organization has received support that may be subject to audit or review by the grantor agencies. Management believes that the Organization has complied with all aspects of grant and contract provisions and disallowed costs, if any, would be insignificant to its financial position.

NOTE 7. MEMORANDUM TOTALS

The total columns captioned "2020 Memorandum total" represents certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the audited financial statements of Marin Ventures for the year ended June 30, 2020, from which the summarized information was derived.

MARIN VENTURES  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 8. LEASE OBLIGATIONS

On January 31, 2020, Marin Ventures entered into a non-cancelable operating lease renting office space for five years through March 31, 2025. Rent expense for the year ended June 30, 2021 was \$74,460.

Following is a breakdown of the future annual minimum lease payments for the Organization.

Year ended June 30,	
2022	\$ 75,456
2023	75,456
Future years	<u>145,911</u>
Total minimum payments	<u><u>\$ 296,823</u></u>