

MARIN VENTURES

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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

Opinion

We have audited the accompanying financial statements of Marin Ventures (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, statement of functional expenses and cash flows for the year the 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 Marin Ventures as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Marin Ventures 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 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 Marin Venture's ability to continue as 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 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.

Notti & Company, LLP
CERTIFIED PUBLIC 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 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 Marin Ventures 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 Marin Venture'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.

Notti & Company, LLP

Notti & Company, LLP
San Rafael, CA
December 9, 2022

MARIN VENTURES
STATEMENT OF FINANCIAL POSITION
Year ended June 30, 2022

	2022	2021
ASSETS		Memorandum <u>total</u>
Current assets		
Cash and cash equivalents	\$ 1,784,665	\$ 1,457,045
Accounts Receivable	231,506	234,740
Prepaid expenses and other current assets	35,470	27,015
Total current assets	2,051,641	1,718,800
Equipment and improvements at cost (Note 2)	3,737,771	3,715,110
Less: accumulated depreciation	(443,543)	(318,526)
	3,294,228	3,396,584
Other assets		
Building deposit	7,000	7,000
TOTAL ASSETS	\$ 5,352,869	\$ 5,122,384
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued vacation	\$ 98,786	\$ 106,911
Accrued payroll costs	29,321	80,245
Other accounts payable and accrued expenses	16,148	5,819
Loan payable - current	141,803	141,803
Total current liabilities	286,058	334,778
Other liabilities		
Loan payable - non-current (Note 4)	1,774,594	1,959,689
TOTAL LIABILITIES	2,060,652	2,294,467
Net assets		
Without donor restrictions	3,239,796	2,776,424
With donor restrictions	52,421	51,493
TOTAL LIABILITIES AND NET ASSETS	\$ 5,352,869	\$ 5,122,384

See accompanying notes and accountant's report

MARIN VENTURES
STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS
Year ended June 30, 2022

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Memorandum Total
Support				
Donations	\$ 91,289	\$ 3,337	\$ 94,626	\$ 147,071
Revenue				
Golden Gate Regional Center	2,980,063	-	2,980,063	2,936,029
Grant Income	-	-	-	68,737
Extinguishment of PPP refundable loan	-	-	-	359,110
Sub-contract income	1,290	-	1,290	100
Investment income	104	-	104	537
Net assets released from restrictions	2,409	(2,409)	-	-
Total other revenue	<u>2,983,866</u>	<u>(2,409)</u>	<u>2,981,457</u>	<u>3,364,513</u>
Total public support and revenue	3,075,155	928	3,076,083	3,511,584
Expenses				
Program services	2,235,460	-	2,235,460	2,301,006
Management and general	291,725	-	291,725	284,859
Fundraising	84,599	-	84,599	98,816
Total operating expenses	<u>2,611,784</u>	<u>-</u>	<u>2,611,784</u>	<u>2,684,681</u>
Change in net assets	463,372	928	464,300	826,903
Net assets, beginning of year	<u>2,776,424</u>	<u>51,493</u>	<u>2,827,917</u>	<u>2,001,014</u>
Net assets, end of year	<u>\$ 3,239,796</u>	<u>\$ 52,421</u>	<u>\$ 3,292,217</u>	<u>\$ 2,827,917</u>

MARIN VENTURES
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022

	2022				2021
	Program Services	Management and General	Fundraising	Total	Memorandum Total
Salaries	\$ 1,320,940	\$ 133,107	\$ 58,624	\$ 1,512,671	\$ 1,579,650
Other employee costs	195,205	13,005	8,352	216,562	282,021
Payroll taxes	94,097	11,019	4,238	109,354	120,496
TOTAL SALARIES AND RELATED EXPENSES	1,610,242	157,131	71,214	1,838,587	1,982,167
Accounting	-	72,797	-	72,797	63,045
Board	-	4,976	-	4,976	-
Cleaning and maintenance	56,621	2,980	-	59,601	40,764
Fundraising	-	-	1,347	1,347	3,511
Insurance	27,880	6,970	-	34,850	27,682
Interest	97,629	-	-	97,629	99,721
IT services	12,124	3,233	808	16,165	20,666
Legal and professional fees	3,640	3,639	-	7,279	23,731
Licenses, permits and taxes	19,315	-	-	19,315	12,371
Marketing	-	-	-	-	42,194
Occupancy	72,291	18,073	-	90,364	74,460
Storage	-	-	-	-	9,336
Office expense & supplies	75,196	2,629	2,629	80,455	70,290
Other program expenses	25,216	-	-	25,216	12,151
Program Consultation	44,236	17,200	8,600	70,036	26,202
Relocation expenses	-	-	-	-	3,933
Staff training	6,472	-	-	6,472	6,484
Telephone and utilities	39,829	2,096	-	41,925	46,111
Travel	126	-	-	126	-
Vehicles	19,627	-	-	19,627	9,858
TOTAL EXPENSES BEFORE DEPRECIATION	2,110,443	291,725	84,599	2,486,767	2,574,677
Depreciation	125,017	-	-	125,017	110,004
TOTAL EXPENSES	\$ 2,235,460	\$ 291,725	\$ 84,599	\$ 2,611,784	\$ 2,684,681

See accompanying notes and accountant's report

MARIN VENTURES
STATEMENT OF CASH FLOWS
Year ended June 30, 2022

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 464,300	\$ 826,903
Depreciation	125,017	110,004
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	3,234	76,682
(Increase) decrease in other assets	(8,455)	35,084
Increase (decrease) in accrued vacation	(8,125)	13,365
Increase (decrease) in accrued payroll costs	(50,924)	(1,070)
Increase (decrease) in accrued expenses	10,329	(157,022)
Net cash provided (used) by operating activities	535,376	500,962
 CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(22,661)	(229,229)
Net cash provided (used) by investing activities	(22,661)	(229,229)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	-	(359,110)
Principal payments on building loans	(185,095)	83,698
Net cash provided (used) by financing activities	(185,095)	(275,412)
Net increase (decrease) in cash and cash equivalents	327,620	399,305
Cash and cash equivalents, beginning of year	1,457,045	1,057,740
Cash and cash equivalents, end of year	\$ 1,784,665	\$ 1,457,045

See accompanying notes and accountant's report

MARIN VENTURES
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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, 2022, 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, 2022:

Subject to expenditure for specified purposes:

Outdoor Space	\$ 51,650
Garden Improvement	<u>771</u>
	<u>\$ 52,421</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, 2022

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	\$ 1,784,665
Less those unavailable for general expenditures within one year, due to:	
Donor restricted to outdoor space	51,650
Donor restricted to garden improvements	<u>771</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,732,244</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 December 9, 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	120,315
Interest	64,951
Computers	<u>77,783</u>
Sub-total	3,737,771
Accumulated Depreciation	<u>(443,543)</u>
Total	<u>\$ 3,294,228</u>

MARIN VENTURES
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022.

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.	\$ 1,389,425
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%	526,972
Less: current portion	<u>(141,803)</u>
Total non-current debt	<u>\$ 1,774,594</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, 2023. As of June 30, 2022, there was \$0 drawn on the line of credit.

NOTE 5. 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 6. 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, 2022 was \$76,624.

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

Year ended June 30,	
2023	\$ 77,721
2024	77,721
Future years	<u>58,291</u>
Total minimum payments	<u>\$ 213,733</u>

MARIN VENTURES
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 7. MEMORANDUM TOTALS

The total columns captioned “2021 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, 2021, from which the summarized information was derived.