
**ORANGE COUNTY BAR FOUNDATION
dba PROJECT YOUTH OCBF**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Orange County Bar Foundation, dba Project Youth OCBF
Santa Ana, California

Report on the Financial Statements

We have audited the accompanying financial statements for Orange County Bar Foundation, dba Project Youth OCBF, which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, 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.

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 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 Orange County Bar Foundation'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 Orange County Bar Foundation'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 Orange County Bar Foundation as of December 31, 2020, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 15, 2021, on our consideration of Orange County Bar Foundation's 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 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 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 Orange County Bar Foundation's internal control over financial reporting and compliance.



Cambaliza McGee LLP
Newport Beach, California
July 15, 2021

**ORANGE COUNTY BAR FOUNDATION
(DBA PROJECT YOUTH OCBF)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

ASSETS

CURRENT ASSETS:

Cash and equivalents	\$ 1,402,047
Inventory	23,356
Grants receivable	125,795
Prepaid expenses	17,186
Current portion of campaign pledges	<u>168,050</u>

Total current assets 1,736,434

LONG-TERM ASSETS:

Campaign pledges net of current portion	364,237
Property and equipment, net	<u>2,034,644</u>

Total assets \$ 4,135,315

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 31,442
Accrued expenses	85,937
Deferred revenue	119,955
Current maturities of note payable	60,264
Current portion of obligation under capital lease	<u>10,096</u>

Total current liabilities 307,694

LONG-TERM LIABILITIES:

Note payable, net of current maturities	926,635
Obligation under capital lease, net of current portion	<u>22,025</u>

Total liabilities 1,256,354

NET ASSETS:

Without donor restrictions	2,345,299
With donor restrictions	<u>533,662</u>

Total net assets 2,878,961

Total liabilities and net assets \$ 4,135,315

See accompanying notes and independent auditor's report.

**ORANGE COUNTY BAR FOUNDATION
(DBA PROJECT YOUTH OCBF)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

UNRESTRICTED NET ASSETS:	
Revenue and support:	
Foundation revenue	\$ 1,334,974
Fundraising events	189,040
Contributions - various	351,120
Contributions - Society of Fellows	16,500
Program fees	3,365
Comprehensive campaign - unrestricted	41,144
Investment return	940
	<hr/>
Total unrestricted revenue and support	1,937,083
NET ASSETS RELEASED FROM DONOR RESTRICTIONS:	
Satisfaction of program restrictions	178,350
Appropriated for scholarships	42,000
Appropriated for building loan	130,837
	<hr/>
Total unrestricted revenues, support, and reclassifications	<hr/> 2,288,270 <hr/>
EXPENSES:	
Program services:	
Juvenile crime prevention	441,234
Academic and career development	327,034
Health education	793,067
	<hr/>
Total program services expenses	<hr/> 1,561,335 <hr/>
Support services:	
Fund development	349,498
General management	139,635
	<hr/>
Total support services expenses	<hr/> 489,133 <hr/>
Total expenses	<hr/> 2,050,468 <hr/>
Increase in net assets without donor restrictions	<hr/> 237,802 <hr/>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:	
Contributions	281,000
Net assets released from restrictions	(351,187)
	<hr/>
Increase (decrease) in net assets With donor restrictions	<hr/> (70,187) <hr/>
Increase in net assets	167,615
Net assets, beginning of year	<hr/> 2,711,346 <hr/>
Net assets, end of year	<hr/> <u>\$ 2,878,961</u> <hr/>

See accompanying notes and independent auditor's report.

**ORANGE COUNTY BAR FOUNDATION
(DBA PROJECT YOUTH OCBF)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services				Support Services		
	Prev. Substance Abuse Intervention	Academic and Career Development	Health Education	Total Programs	Management and General	Fund Development	Total Expenditures
Accounting/Audit	\$ 6,750	\$ 4,750	\$ 8,750	\$ 20,250	\$ 900	\$ 1,350	\$ 22,500
Association Fees	4,256	3,106	5,291	12,653	1,828	856	15,336
Bank/Credit Card Fes	-	-	-	-	1,005	8,006	9,011
Building Repairs & Maint.	7,204	5,160	9,159	21,523	949	1,492	23,964
Computer Expenses	8,806	7,167	50,614	66,587	4,694	8,378	79,659
Conference/Travel/Training	80	99	8,741	8,920	3,513	642	13,074
Consultants	3,750	2,326	34,831	40,907	856	48,031	89,791
Court Fees	2,210	-	-	2,210	-	-	2,210
Depreciation/Amortization	15,786	11,182	21,048	48,016	4,604	13,155	65,776
Director Expenses	3,012	1,606	2,406	7,024	5,555	2,631	15,209
Fundraising Event Exp.	-	-	-	-	3,474	37,753	41,227
Higher Education Scholarships	-	66,565	-	66,565	-	-	66,565
Incentives	-	235	1,220	1,455	-	-	1,455
Indirect Costs	-	-	53,884	53,884	(53,884)	-	-
Instructors/Asst. Instructors	6,150	-	75	6,225	-	-	6,225
Insurance	2,864	1,864	3,365	8,093	1,151	807	10,051
Interest expense	14,285	7,000	21,938	43,223	1,957	2,446	47,626
Local Travel/Mileage	186	68	853	1,107	527	395	2,030
Marketing	4,824	3,254	6,190	14,268	593	5,704	20,564
Office Equipment Lease	1,094	812	1,357	3,263	5,888	220	9,371
Office Expenses/Supplies	3,169	2,171	4,408	9,748	(191)	1,340	10,898
Personnel & Benefits	311,823	165,828	476,372	954,023	147,632	210,476	1,312,131
Postage	1,456	827	1,874	4,157	174	556	4,888
Program - Covid Relief	32,912	32,579	34,116	99,607	410	-	100,017
Program Materials	1,133	1,842	1,097	4,072	1,893	3,431	9,396
Property Tax	334	256	412	1,002	86	67	1,157
Recognition	-	1,577	-	1,577	4,200	-	5,777
Subcontractors	-	-	33,534	33,534	-	-	33,534
Telephone & Fax	5,059	3,965	6,924	15,948	652	1,018	17,619
Utilities	4,091	2,795	4,608	11,494	1,169	744	13,407
Total functional expenses	\$ 441,234	\$ 327,034	\$ 793,067	\$ 1,561,335	\$ 139,635	\$ 349,498	\$ 2,050,468

See accompanying notes and independent auditor's report.

**ORANGE COUNTY BAR FOUNDATION
(DBA PROJECT YOUTH OCBF)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 167,615
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	65,776
Interest on loan origination costs	12,448
Government grant income - Paycheck Protection Program	(211,100)
(Increase) decrease in operating assets:	
Inventory	213
Grants receivable	6,278
Prepaid expenses	(7,680)
Campaign pledges receivable-unrestricted	41,505
Increase (decrease) in operating liabilities:	
Accounts payable	6,907
Accrued expenses	29,903
Deferred revenue	20,591
	<u>132,456</u>
Net cash provided by operating activities	<u>132,456</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of equipment	<u>(23,795)</u>
Net cash used in investing activities	<u>(23,795)</u>
CASH FLOW FROM FINANCING ACTIVITIES:	
Increase in restricted campaign pledges	76,759
Proceeds from Paycheck Protection Program	211,100
Payments on notes payable	(208,250)
Payments on capital lease obligation	(8,939)
	<u>70,670</u>
Net cash used in financing activities	<u>70,670</u>
NET INCREASE IN CASH	179,331
CASH, beginning of year	<u>1,222,716</u>
CASH, end of year	<u>\$ 1,402,047</u>
Interest paid	<u>\$ 47,626</u>

See accompanying notes and independent auditor's report.

**ORANGE COUNTY BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. ORGANIZATION AND SUMMARY OF ACCOUNTING PRINCIPLES

Organization and Programs

The Orange County Bar Foundation, dba Project Youth OCBF (OCBF), a California nonprofit organization, provides health education & diversion programs & services for at-risk youth and their families. OCBF provides juveniles and their families with the necessary skills to deter delinquent activity, set goals and to plan for positive and productive lives free of crime. OCBF is funded primarily through grants from the Department of Health and Human Services, the California Department of Public Health, and the Jeffery Carlton Foundation. OCBF has three large fundraising events – Food and Wine Society, participation in the OC Marathon, and an annual golf tournament. In addition, OCBF has one individual giving program – Society of Fellows.

OCBF provided the following programs during 2020:

- *Juvenile Crime Prevention and Substance Abuse Intervention Services -*
SHORTSTOP – is a juvenile crime diversion program that was developed in 1980 for youthful offenders and their families. Juvenile offenders and their parents participate in several sessions held at night in a courtroom where the “legal facts of life” are dramatically presented by volunteer attorneys, other legal professionals, and wards of the Youth Guidance Center.

PROGRAMA SHORTSTOP – was developed in 1989 as a Spanish language adaptation, based on the original Shortstop model which includes: the consequences of criminal behavior, accountability of one's actions, improving family communication, creating positive future planning, and engaging in positive decision-making. The program also offers monolingual Latino parents additional information on educational motivation, drug/alcohol-education, and gang awareness.

STOP SHORT of Addiction – was developed in 1999 in response to the rising specter of youthful drug crime and drug abuse in Orange County. It is an intensive program designed to specifically address the needs of first-time juvenile offenders arrested for criminal offenses, as well as those having drug abuse problems, and is available in English and Spanish.

- *Academic Development –*
The Higher Education Mentoring Program – is a unique program which targets Latino high school juniors and seniors from the city of Santa Ana who are interested in entering college, but need assistance due to academics, cultural and gender barriers and limited financial resources. The program offers continued support to students through college, including financial aid, assistance, leadership and volunteer opportunities, resume guidance and employment. Program graduates are given the opportunity to return as mentors.

**ORANGE COUNTY BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Organization and Programs - (Continued)

- Career Development –
Project SELF (Summer Employment in Law Firms) - partners with the Orange County Association of Legal Administrators. The program allows selected students from Santa Ana Unified School District to participate in an eight-week summer paid internship at local law firms and businesses that support the legal community.

- *Health Education* –
Madres Unidas – provides health education groups with risk reduction services to Latina mothers combined with family counseling to improve family function. All services are provided in a culturally and bilingually competent manner. Components include: ethnic and gender pride, substance abuse education, HIV/AIDS health education, risk reduction, assertiveness skills training, coping skills, support group sessions, referrals for free HIV/AIDS testing, behavioral self-management and counseling services.

Youth Making Proud Choices, YMPC and ¡Cuídate! – provides comprehensive sexual health education for Latino youth via evidence-based program models. This culturally based program focuses on “taking care of oneself and one’s partner, family, and community.” This is accomplished by working with youth to develop the knowledge, attitudes, and skills needed to reduce their risk of unplanned pregnancy, STDs, and AIDS/HIV. ¡Cuídate! also addresses critical adult preparation subjects including: adolescent development, healthy relationships, educational and career success, healthy life skills, and financial literacy.

Basis of Accounting

The accounts of OCBF are maintained, and the financial statements are prepared, on the accrual basis of accounting. Accounting principles generally accepted in the United States of America (GAAP) requires that OCBF present information about its financial position and activities in two classes of net assets based on the existence or absence of donor-imposed restrictions. A description of each applicable net asset group is as follows:

- Net Assets – Without Donor Restrictions
These are not subject to donor-imposed restrictions. Net assets without donor restrictions generally result from unrestricted contributions, interest, and dividends less expenses incurred in providing services, fundraising, and other administrative expenses.

**ORANGE COUNTY BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Basis of Accounting – (Continued)

- Net Assets – With Donor Restrictions
Net assets with donor restrictions represent donor grants and contributions whose use is limited by either donor-imposed time or purpose restrictions. Net assets are released from donor restrictions by the passage of time, incurrence of expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

Grants Receivable

Grants receivables consist of amounts due from the Department of Health & Human Services and the California Department of Public Health for the ¡Cúídate! program. The amounts due were either confirmed directly by the agency or collected prior to the issuance of the financial statements. OCBF does not have a reserve for uncollectible accounts.

Inventory

Inventory is stated at the lower of cost or net realizable value and consists of wine to be used in upcoming fundraising events.

Income Taxes

OCBF is exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Code as a Section 501(c)(3) entity and has no unrelated business taxable income. Accordingly, no income tax expense has been recorded in the accompanying financial statements.

Property and Equipment

Expenditures for property and equipment are capitalized at cost. Donated items are capitalized at estimated fair value at the date of contribution. Property and equipment are depreciated over their estimated useful lives which range from 5-50 years using the straight-line method. Assets held under finance leases are depreciated over their expected lives on the same basis as owned assets.

Expenditures for repairs and maintenance are charged to expense when incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any related gain or loss are recognized in that period.

ORANGE COUNTY BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Donated Services and Goods

A number of individuals and entities have contributed significant amounts of their time and/or donated services to OCBF. OCBF recognizes donated services when they create or enhance a non-financial asset. The value of the services is based on average cost of similar services.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as restricted support that increases net asset with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses are allocated on a reasonable basis that is consistently applied using estimates of time and effort for each program.

Cash and Cash Equivalents

OCBF considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. OCBF maintains cash in individual banks that are members of the Federal Deposit Insurance Corporation (FDIC). Accounts at each institution are insured by the FDIC, up to \$250,000. At December 31, 2020, \$653,797 exceeded the FDIC insurance coverage.

ORANGE COUNTY BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. RECENTLY ADOPTED ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASC 606) and all related amendments. ASC 606 supersedes most existing revenue recognition guidance. ASC 606 provides a principles-based framework for recognizing revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration the entity expects in exchange for the goods or services provided. It also requires enhanced disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. OCBF adopted ASC 606 during the year ended December 31, 2020.

3. GRANTS RECEIVABLE

Grants receivable amounted to \$125,795 as of December 31, 2020. Based on the strength of the donors' reputations, payment history, and signed agreements, management believes that an allowance for uncollectible amounts is not necessary. All of the pledges are receivable in less than one year.

4. CAMPAIGN PLEDGES RECEIVABLE/COMPREHENSIVE CAMPAIGN

During 2019 Project Youth OCBF launched a major comprehensive campaign with a goal of securing \$5 million in public and private support to be invested in:

1. Program support to expand programs, create greater program effectiveness and improve and track outcomes.
2. Create a Scholarship endowment to offer \$120,000 to students annually.
3. Eliminate the mortgage balance on the building.

As of December 31, 2020, Project Youth OCBF has received pledges from current and past board members:

Programs	\$	391,950
Scholarships		362,227
Mortgage paydown		336,000
		<hr/>
	\$	1,090,177
		<hr/>

**ORANGE COUNTY BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

4. CAMPAIGN PLEDGES RECEIVABLE/COMPREHENSIVE CAMPAIGN – (CONTINUED)

OCBF has collected \$780,123 of the amount pledged. Details of the remaining Pledge Receivable is as follows:

Pledge Receivable as of December 31, 2020	\$	568,054
Less: Discount to present value		(35,767)
		532,287
Less: Current portion of campaign pledges		(168,050)
		364,237
Long-term portion of campaign pledges	\$	364,237

Scheduled payments are as follows:

2021	\$	162,351
2022		159,574
2023		156,845
2024		39,866
2025		4,057
Thereafter		9,594
		9,594
	\$	532,287

5. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020:

Land, Building & Improvements	\$	2,103,812
Furniture & Fixtures		56,509
Computers & Software		56,764
Right to use equipment		52,000
		2,269,085
Accumulated depreciation		(234,441)
		(234,441)
Net Property and Equipment	\$	2,034,644

Depreciation expense was \$65,776 for the year ended December 31, 2020.

**ORANGE COUNTY BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following:

Subject to expenditure for specified purpose:	
SHORTSTOP & STOP SHORT of Addiction	\$ 35,000
Higher Education Mentoring Program	<u>20,000</u>
	55,000
Subject to OCBF spending policy and appropriation:	
Capital Campaign for Building Payoff (Net of Discount)	179,242
Capital Campaign for Scholarships Payoff (Net of Discount)	<u>299,420</u>
	533,662
Total net assets with donor restrictions	<u>\$ 533,662</u>

Net assets were released from donor restrictions by occurrence of events or passage of time specified by donors.

7. LIQUIDITY AND AVAILABILITY

OCBF manages its liquid resources by focusing on fundraising efforts to ensure the entity has adequate contributions and grants to cover the programs that are being conducted.

As of December 31, 2020, OCBF had the following financial assets available for general expenditure within one year of the statements of financial position:

Cash and cash equivalents	\$ 1,402,047
Grants receivable	<u>125,795</u>
Total financial assets	1,527,842
Less: those unavailable for general expenditures within one year due to donor or purpose restrictions	<u>(478,662)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,049,180</u>

**ORANGE COUNTY BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

8. NOTES PAYABLE

The following is a summary of all notes payable as of December 31, 2020:

Note payable due Farmers & Merchants Bank (Lender) and California Enterprise Development Authority (Issuer), bearing interest at 3% for the first 5 years then converts to a fixed annual rate of U.S. Treasury Note Rate + 1.25%, but not less than 3%. Due February 1, 2027. (Effective interest rate is 3.88%)	\$ 1,063,125
Less: Unamortized loan origination costs	<u>(76,226)</u>
	986,899
Less: Current maturities	<u>(60,264)</u>
Long-term portion of long-term debt	<u><u>\$ 926,635</u></u>

Scheduled principal payments are due as follows:

2021	\$ 60,264
2022	61,019
2023	62,901
2024	64,841
2025	66,754
Thereafter	<u>671,120</u>
	<u><u>\$ 986,899</u></u>

9. OBLIGATION UNDER CAPITAL LEASE

Obligation under capital lease for copier equipment with interest at a rate of 12.23%, maturing October 23, 2023	\$ 32,121
Less: current portion	<u>(10,096)</u>
	<u><u>\$ 22,025</u></u>

**ORANGE COUNTY BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

9. OBLIGATION UNDER CAPITAL LEASE (CONTINUED)

Future minimum lease payments, including principal and interest, under the capital lease for subsequent years are as follows:

2021	\$ 13,471
2022	13,471
2023	<u>11,226</u>
	<u>\$ 38,168</u>

10. COMMITMENTS

OCBF leases office equipment under an operating lease agreement that expired in 2020. Payments for this lease was \$9,371 for the year ended December 31, 2020.

11. EMPLOYEE BENEFITS PLAN

Employees of OCBF participate in the Orange County Bar Foundation 403(b)(7) Retirement Plan, a defined contribution plan qualified under section 403(b) of the Internal Revenue Code. Each covered employee can contribute elective deferrals to the plan, up to the maximum allowed by the Internal Revenue Code. Additionally, OCBF may, at its discretion, match employee contributions. The 403(b) matching contribution cost recognized by OCBF was \$40,614 for 2020.

12. JEFFERY M. CARLTON FOUNDATION GIFT

The OCBF was notified that it will be a recipient of an annual donation from the Jeffrey M. Carlton Foundation established in 2013. OCBF is one of three designated beneficiaries of the net income and principal of the Jeffrey Carlton Foundation managed by the Wilmington Trust Company. OCBF can receive up to one third of 5% of the account balance or an amount the Trustee deems appropriate, annually, until there is full distribution of the Trust. OCBF received \$828,086 in 2020. There are no restrictions imposed on the gift.

13. TRANSACTIONS WITH RELATED-PARTIES

Campaign Pledges Receivable: Pledges receivable are pledges made to OCBF by the current and past OCBF Board and Associate Board of Directors and other community donors. These funds have been restricted by the Donors for use against the note and establishing a scholarship fund. See Note 4 for details of campaign pledges receivable and comprehensive campaign.

**ORANGE COUNTY BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

14. GRANT REVENUE

On April 17, 2020, OCBF was approved for a loan of \$211,100 under the Paycheck Protection Program offered by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan was fully forgiven on October 2, 2020 with the terms of which are dictated by the SBA and CARES Act guidelines. OCBF has elected to account for the forgiven loan as a conditional contribution in accordance with Subtopic ASC 958-605-55. As a result, OCBF recorded a total benefit of \$211,100 and is included in contributions on the statement of activities for the year end December 31, 2020.

On March 24, 2021, OCBF was approved for a second loan of \$191,235 under the Paycheck Protection Program offered by the SBA under the CARES Act. The loan bears a 1% interest rate and matures in 2026, unless forgiven. Management expects the loan to be fully forgiven with the terms of which are dictated by the SBA and CARES Act guidelines.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 15, 2021, which is the date the financial statements were available to be issued.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

To the Board of Directors
Orange County Bar Foundation, dba Project Youth OCBF
Santa Ana, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits in the United States, the financial statements of Orange County Bar Foundation, dba Project Youth OCBF, (a California Public Benefit Non-profit Corporation), which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, statement of functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Orange County Bar Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Orange County Bar Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the OCBF's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the OCBF's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OCBF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the OCBF's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the OCBF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cambaliza McGee LLP

Cambaliza McGee LLP
Newport Beach, California
July 15, 2021