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

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

DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements for Orange County Bar Foundation, dba Project Youth OC ("PY OC"), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the year 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 PY OC as of December 31, 2022 and 2021, 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 ("GAAP").

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United State of America ("GAAS"). 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 PY OC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 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.

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 the Client's ability to continue as a going concern for one year after the date that the financial statement is issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statement as a whole is 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 not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of this financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 disclosure 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 PY OC'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about PY OC'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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 10, 2023, on our consideration of PY OC'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 PY OC's internal control over financial reporting and compliance.



Cambaliza McGee LLP
Newport Beach, California
May 10, 2023

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 343,073	\$ 800,067
Investments	1,475,953	934,580
Grants receivable	161,438	174,593
Tax credit receivable	-	206,147
Inventory	24,912	23,356
Prepaid expenses	15,096	21,103
Current portion of campaign pledges	155,754	119,104
TOTAL CURRENT ASSETS	2,176,226	2,278,950
LONG-TERM ASSETS:		
Campaign pledges, net of current portion	152,008	237,808
Property and equipment, net	1,940,258	1,963,285
TOTAL ASSETS	\$ 4,268,492	\$ 4,480,043
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,373	\$ 35,237
Accrued expenses	97,317	105,324
Deferred revenue	87,770	105,365
Current maturities of note payable	31,805	63,796
Finance lease liability, current portion	8,240	11,518
TOTAL CURRENT LIABILITIES	231,505	321,240
LONG-TERM LIABILITIES:		
Note payable, net of current maturities	804,181	810,259
Paycheck protection program loan	-	191,235
Finance lease liability, long-term portion	38,207	10,507
TOTAL LIABILITIES	1,073,893	1,333,241
NET ASSETS:		
Without donor restrictions	2,726,689	2,672,425
With donor restrictions	467,910	474,377
TOTAL NET ASSETS	3,194,599	3,146,802
TOTAL LIABILITIES AND NET ASSETS	\$ 4,268,492	\$ 4,480,043

See accompanying notes and independent auditor's report.

**ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022**

	2022	2021
UNRESTRICTED NET ASSETS:		
Revenue and support:		
Foundation revenue	\$ 1,357,655	\$ 1,590,981
Grant revenue	191,235	130,310
Fundraising events	515,697	228,211
Contributions - various	89,727	76,036
Comprehensive campaign - unrestricted	60,150	27,129
Contributions - Society of Fellows	23,790	13,250
Investment return	34,311	5,871
	2,272,565	2,071,788
TOTAL UNRESTRICTED REVENUE AND SUPPORT		
NET ASSETS RELEASED FROM DONOR RESTRICTIONS:		
Satisfaction of program restrictions	84,167	147,000
Appropriated for building loan	17,300	87,697
	101,467	234,697
TOTAL UNRESTRICTED REVENUES, SUPPORT, AND RECLASSIFICATIONS	2,374,032	2,306,485
PROGRAM SERVICES EXPENSES:		
Program services:		
Juvenile crime prevention	659,543	540,912
Academic and career development	507,282	324,339
Health education	482,593	631,603
	1,649,418	1,496,854
TOTAL PROGRAM SERVICES EXPENSES		
SUPPORT SERVICES EXPENSES:		
Fund development	510,048	391,134
Management and general	160,302	134,265
	670,350	525,399
TOTAL SUPPORT SERVICES EXPENSES		
TOTAL EXPENSES	2,319,768	2,022,253
Increase in net assets without donor restrictions	54,264	284,232
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	95,000	133,412
Net assets released from restrictions	(101,467)	(234,697)
	(6,467)	(101,285)
(Decrease) in net assets With donor restrictions		
Increase in net assets	47,797	182,947
NET ASSETS, BEGINNING OF YEAR	3,146,802	2,963,855
NET ASSETS, END OF YEAR	\$ 3,194,599	\$ 3,146,802

See accompanying notes and independent auditor's report.

**ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services				Support Services		
	Juvenile Crime Prevention	Academic and Career Development	Health Education	Total Program Services	Management and General	Fund Development	Total Expenditures
Association Fees 1605 E 17th	\$ 5,138	\$ 3,834	\$ 3,758	\$ 12,730	\$ 767	\$ 1,840	\$ 15,337
Audit/Accounting Fees	8,640	5,992	5,952	20,584	1,240	2,976	24,800
Bank Fees	152	61	87	300	6,753	8,195	15,248
Building Repairs/Maintenance	11,121	8,304	8,118	27,543	2,408	3,980	33,931
Computer Maintenance/Purchases/software	9,943	4,128	5,200	19,271	2,431	2,638	24,340
Conf/Travel/Training	132	436	100	668	3,126	248	4,042
Consultants	5,939	3,921	4,070	13,930	867	54,814	69,611
Court Fees	2,658	-	-	2,658	-	-	2,658
Depreciation expense	15,803	11,326	20,427	47,556	4,420	11,887	63,863
Director Expense	1,811	1,767	2,505	6,083	6,877	3,086	16,046
FR Event Expense	-	-	-	-	-	171,758	171,758
Incentives	50	1,134	1,583	2,767	-	-	2,767
Instructors	15,175	-	-	15,175	-	-	15,175
Insurance-Liability/D&O	3,499	2,321	2,316	8,136	953	909	9,998
Interest expense - all including F&M note; loan origination fee; toshiba	12,428	14,096	15,782	42,306	4,336	7,347	53,989
Local Travel/Mileage	1,111	562	2,126	3,799	1,476	779	6,054
Marketing	29,342	21,580	21,259	72,181	923	27,111	100,215
Office Equipment Lease	1,680	1,914	1,933	5,527	116	1,728	7,371
Office Supplies/Printing	4,735	3,424	3,432	11,591	1,506	2,392	15,489
Personnel/Taxes/Benefits	511,304	310,896	361,170	1,183,370	105,688	202,012	1,491,070
Postage	951	737	690	2,378	144	372	2,894
Program Materials (including print)	4,393	8,586	12,248	25,227	748	1,499	27,474
Property Taxes/Business Taxes	810	526	567	1,903	138	275	2,316
Recognition	-	11,770	-	11,770	13,634	-	25,404
Scholarships	-	80,725	-	80,725	-	-	80,725
Telephone	6,056	4,191	4,343	14,590	748	1,795	17,133
Utilities	6,672	5,051	4,927	16,650	1,003	2,407	20,060
Total functional expenses	\$ 659,543	\$ 507,282	\$ 482,593	\$ 1,649,418	\$ 160,302	\$ 510,048	\$ 2,319,768

See accompanying notes and independent auditor's report.

**ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services				Support Services		
	Juvenile Crime Prevention	Academic and Career Development	Health Education	Total Program Services	Management and General	Fund Development	Total Expenditures
Association Fees 1605 E 17th	\$ 5,470	\$ 2,083	\$ 5,917	\$ 13,470	\$ 343	\$ 1,329	\$ 15,142
Audit/Accounting Fees	9,468	3,928	13,916	27,312	648	2,646	30,606
Bank Fees	1,026	247	57	1,330	2,059	6,181	9,570
Building Repairs/Maintenance	8,125	3,132	8,129	19,386	527	2,027	21,940
Computer Maintenance/Purchases/software	13,495	2,200	5,854	21,549	1,841	4,701	28,091
Conf/Travel/Training	775	405	1,813	2,993	2,329	80	5,402
Consultants	6,101	2,222	28,825	37,148	120	31,929	69,197
Depreciation expense	15,598	10,280	18,868	44,746	9,190	11,612	65,548
Director Expense	2,362	1,318	1,842	5,522	2,471	2,078	10,071
FR Event Expense	100	-	-	100	15	58,893	59,008
Incentives	-	868	2,793	3,661	-	-	3,661
Indirect Costs	-	-	48,419	48,419	-	-	48,419
Instructors	6,450	-	-	6,450	-	-	6,450
Insurance-Liability/D&O	2,731	1,901	2,518	7,150	614	857	8,621
Interest expense - all including F&M note; loan origination fee; toshiba	7,149	8,560	21,260	36,969	3,410	3,962	44,341
Local Travel/Mileage	148	1,607	379	2,134	110	741	2,985
Marketing	247	100	141	488	19	4,211	4,718
Office Equipment Lease	3,303	1,478	3,000	7,781	1,035	1,482	10,298
Office Supplies/Printing	4,818	1,115	2,485	8,418	382	940	9,740
Personnel/Taxes/Benefits	436,825	181,150	415,654	1,033,629	99,762	253,133	1,386,524
Postage	1,007	384	979	2,370	68	329	2,767
Program Materials (including print)	3,046	3,859	10,781	17,686	528	1,267	19,481
Property Taxes/Business Taxes	616	247	487	1,350	143	163	1,656
Recognition	-	17,158	-	17,158	7,871	-	25,029
Scholarships	-	75,717	-	75,717	-	-	75,717
Subcontractor	-	-	25,151	25,151	-	-	25,151
Telephone	6,723	2,387	6,562	15,672	449	1,265	17,386
Utilities	5,329	1,993	5,773	13,095	331	1,308	14,734
Total functional expenses	\$ 540,912	\$ 324,339	\$ 631,603	\$ 1,496,854	\$ 134,265	\$ 391,134	\$ 2,022,253

See accompanying notes and independent auditor's report.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 47,797	\$ 182,947
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	63,863	71,359
Net loss on disposition of property and equipment	2,989	-
Interest on loan origination costs	12,448	12,448
Government grant income - Paycheck Protection Program	(191,235)	-
(Increase) decrease in operating assets:		
Inventory	(1,556)	-
Grants receivables	13,155	(48,798)
Tax credit receivable	206,147	(120,253)
Prepaid expenses	6,007	(3,917)
Campaign pledges receivable-unrestricted	32,738	158,963
Increase (decrease) in operating liabilities:		
Accounts payable	(28,864)	3,795
Accrued expenses	(8,007)	19,387
Deferred revenue	(17,595)	(14,590)
Net cash provided by operating activities	137,887	261,341
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of investments	(541,373)	(934,580)
Purchase of equipment	(5,935)	-
Net cash used in investing activities	(547,308)	(934,580)
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in restricted campaign pledges	16,412	16,412
Payments on notes payable	(50,517)	(125,292)
Proceeds from Paycheck Protection Program	-	191,235
Payments on capital lease obligation	(13,468)	(10,096)
Net cash used in financing activities	(47,573)	72,259
NET INCREASE (DECREASE) IN CASH	(456,994)	(600,980)
CASH, beginning of year	800,067	1,401,047
CASH, end of year	\$ 343,073	\$ 800,067
Interest paid	\$ 53,989	\$ 44,341

See accompanying notes and independent auditor's report.

**ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022 AND 2021**

NOTE A – ORGANIZATION AND PROGRAMS

The Orange County Bar Foundation, dba Project Youth OC (“PY OC” or the “Organization”), a California nonprofit organization, provides health education & diversion programs & services for at-risk youth and their families. PY OC 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. PY OC is funded primarily through grants from the State of California Department of Health Care Services; the City of Santa Ana, CalMental Health Services Agency and the Jeffrey Carlton Foundation. PY OC has three large fundraising events – Food and Wine Society, participation in the OC Marathon, and an annual golf tournament. During 2022, PY OC also hosted its 50th Anniversary Celebration fundraiser. In addition, PY OC has one individual giving program – Society of Fellows.

PY OC provided the following programs during 2022 and 2021:

- *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 (dba PROJECT YOUTH OC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022 AND 2021**

NOTE A – 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 and YMPC – 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.

- *Independence, Competence, and Aptitudes, Now!* –
ICAN! works with eligible high school students and young adults seeking alternatives to traditional college education. Students identify their vocational interest and complete career training at a technical institute, or community college vocational program. Focus is placed on career training programs that offer hands-on experience and certification that will lead to well-paying jobs with long term growth and viability.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounts of PY OC are maintained, and the financial statements are prepared, on the accrual basis of accounting. GAAP requires that PY OC 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:

**ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022 AND 2021**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

- 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.

- 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

Grant receivables consist of amounts due from the State of California Department of Health Care Services for YMPC; the City of Santa Ana for Diversion Programs; and California Mental Health Services Authority (CalMHSA), which benefits all programs. The amounts due were either confirmed directly by the agency or collected prior to the issuance of the financial statements. PY OC 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

PY OC 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.

Donated Services and Goods

A number of individuals and entities have contributed significant amounts of their time and/or donated services to PY OC. PY OC 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.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022 AND 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

PY OC 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. PY OC 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. As of December 31, 2022 and 2021 PY OC exceed FDIC insurance coverage with \$69,053 and \$468,545, respectively.

**ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022 AND 2021**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are measured and reported at fair value. The fair value of debt and equity securities with a readily determinable fair value is based on quotations obtained from national security exchanges. PY OC's management reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining their estimated fair value.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities based on the ex-dividend date. Interest is recognized as earned.

All investments securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

NOTE C – GRANTS RECEIVABLE

Grants receivable amounted to \$161,438 and \$174,593 as of December 31, 2022 and 2021, respectively. 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.

NOTE D – CAMPAIGN PLEDGES RECEIVABLE/COMPREHENSIVE CAMPAIGN

During 2019 Project Youth OC 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, 2022 and 2021, PY OC has received pledges from current and past board members:

	2022	2021
Programs	\$ 471,700	\$ 407,950
Scholarships	362,227	362,227
Mortgage paydown	616,812	610,412
	\$ 1,450,739	\$ 1,380,589

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022 AND 2021

NOTE D – CAMPAIGN PLEDGES RECEIVABLE/COMPREHENSIVE CAMPAIGN (CONTINUED)

PY OC has collected \$1,118,339 of the amount pledged. Details of the remaining pledge receivable is as follows:

	2022	2021
Pledge Receivable as of December 31:	\$ 332,400	\$ 381,550
Less: Discount to present value	<u>(24,601)</u>	<u>(24,638)</u>
Pledge Receivable, net	307,799	356,912
Less: Current portion of campaign pledges	<u>(155,754)</u>	<u>(119,104)</u>
Long-term portion of campaign pledges	<u>\$ 152,045</u>	<u>\$ 237,808</u>
Scheduled payments are as follows:		
2023	\$ 155,754	
2024	155,754	
2025	4,179	
2026	4,179	
2027	4,179	
Thereafter	<u>8,355</u>	
Total	<u>\$ 332,400</u>	

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2022 and 2021:

	2022	2021
Land, Building & Improvements	\$ 2,109,747	\$ 2,103,812
Furniture & Fixtures	56,509	56,509
Computers & Software	50,328	50,328
Right-to-use equipment	<u>52,000</u>	<u>52,000</u>
	2,268,584	2,262,649
Accumulated depreciation	<u>(328,326)</u>	<u>(299,364)</u>
Property and equipment, net	<u>\$ 1,940,258</u>	<u>\$ 1,963,285</u>

Depreciation expense was \$63,863 and \$71,360 for the years ended December 31, 2022 and 2021, respectively.

**ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022 AND 2021**

NOTE F – 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	\$ 12,500
Independence, Competence, and Aptitudes, Now!	8,333
Higher Education Mentoring Program	15,000
	<u>35,833</u>
Subject to OCBF spending policy and appropriation:	
Capital Campaign for Building Payoff (Net of Discount)	84,150
Capital Campaign for Scholarships Payoff (Net of Discount)	<u>347,927</u>
Total net assets with donor restrictions	<u><u>\$ 467,910</u></u>

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

NOTE G – LIQUIDITY AND AVAILABILITY

PY OC 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, 2022 and 2021, PY OC had the following financial assets available for general expenditure within one year of the statement of financial position:

	2022	2021
Cash and cash equivalents	\$ 343,073	\$ 800,067
Tax credit receivable	-	206,147
Grants receivable	<u>161,438</u>	<u>174,593</u>
Total financial assets	504,511	1,180,807
Less: those unavailable for general expenditures within one year due to donor restrictions	<u>(467,910)</u>	<u>(474,377)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 36,601</u></u>	<u><u>\$ 706,430</u></u>

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022 AND 2021

NOTE H – NOTES PAYABLE

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

	2022	2021
Note payable due to 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 3.044% and 3.88%, respectively)	\$ 887,316	\$ 937,833
Less: Unamortized loan origination costs	(51,330)	(63,778)
	835,986	874,055
Less: Current maturities	(31,805)	(63,796)
Long-term portion of long-term debt	\$ 804,181	\$ 810,259
Scheduled principal payments are due as follows:		
2023	\$ 31,805	
2024	35,614	
2025	36,802	
2026	37,954	
2027	745,141	
Total	\$ 887,316	

NOTE I – OBLIGATION UNDER FINANCE LEASE

PY OC entered into a new finance lease in April 2022 which term expires June 2027. Depreciation expense is recognized on a straight-line basis over the lease term.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022 AND 2021

NOTE I – OBLIGATION UNDER FINANCE LEASE (CONTINUED)

As of December 31, 2022, information related to the finance lease was as follows:

Finance lease right-of-use assets	\$ 52,000
Current portion of finance lease liability	\$ 8,240
Finance lease liability, net of current portion	<u>\$ 38,207</u>
 Total operating lease liabilities	 <u>\$ 46,447</u>
 Weighted-average remaining lease term (in years)	 4.5
 Weighted-average discount rate	 12.25%

For the year ended December 31, 2022, supplemental cash flow information related to lease was as follows:

Cash paid for amounts included in the measurement of operating lease liabilities	\$ 5,553
 Right-of-use assets obtained in exchange for new finance lease liabilities	 \$ 52,000

The aggregate future lease payments for finance leases as December 31, 2022 are as follows:

2023	\$ 13,478
2024	13,478
2025	13,478
2026	13,478
2027	<u>6,739</u>
 Total lease payments	 60,651
 Less interest	 <u>(14,202)</u>
 Total operating lease liabilities	 <u>\$ 46,449</u>

As of December 31, 2021, obligations under finance lease totaled \$22,025. In April 2022, this lease was replaced by the new lease noted above.

**ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022 AND 2021**

NOTE J – EMPLOYEE BENEFITS PLAN

Employees of PY OC 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, PY OC may, at its discretion, match employee contributions. The 403(b) matching contribution cost recognized by PY OC for 2022 and 2021 was \$48,532 and \$44,399, respectively.

NOTE K – JEFFERY M. CARLTON FOUNDATION GIFT

PY OC was notified that it will be a recipient of an annual donation from the Jeffrey M. Carlton Foundation established in 2013. PY OC is one of three designated beneficiaries of the net income and principal of the Jeffrey Carlton Foundation managed by the Wilmington Trust Company. PY OC 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. PY OC received \$922,823 and \$836,712 in 2022 and 2021, respectively. There are no restrictions imposed on the gift.

NOTE L – TRANSACTIONS WITH RELATED-PARTIES

Campaign Pledges Receivable: Pledges receivable are pledges made to PY OC by the current and past PY OC 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 D for details of campaign pledges receivable and comprehensive campaign.

NOTE M – GRANT REVENUE

On March 24, 2021, PY OC was approved for a loan of \$191,235 under the Paycheck Protection Program ("PPP") offered by the SBA under the Coronavirus Aid, Relief, and Economic Security Act ("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. The loan was fully forgiven in 2022, therefore PY OC has elected to account for the funds as grant revenue on the statement of activities for the year ended December 31, 2022.

PY OC benefited from tax credits related to the passage of the CARES Act. Under the CARES Act, PY OC qualified for an employee retention credit for wages paid to employees between March 13, 2020 through September 30, 2021. PY OC has elected to account for the employee retention credit as a conditional contribution in accordance with Subtopic ASC 958-605-55. As a result, PY OC recorded a total benefit of \$120,256 and \$85,894 and is included in grant revenue on the statement of activities for the years ended December 31, 2021 and 2020. As of December 31, 2022 and 2021, tax credit receivable totaled \$0 and \$206,147, respectively.

**ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022 AND 2021**

NOTE N – FAIR VALUE MEASUREMENTS

PY OC defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. PY OC applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs and are categorized in a fair value hierarchy based on the transparency of inputs. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The carrying values of cash, receivables, and payables approximate fair values as of December 31, 2022, due to the relative short maturities of these instruments.

NOTE O – INVESTMENTS

Investments consist of stocks and mutual funds and are presented in the financial statements at fair value based on quoted market prices in active markets.

The following table sets forth by level, within the fair value hierarchy, PY OC's investments at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 471,049	\$ -	\$ -	\$ 471,049
Stocks	384,308	-	-	384,308
Mutual funds	620,596	-	-	620,596
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Investments at fair value	<u>\$ 1,475,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,475,953</u>

**ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022 AND 2021**

NOTE O – INVESTMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, PY OC's investments at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 39,523	\$ -	\$ -	\$ 39,523
Stocks	458,062	-	-	458,062
Mutual funds	436,995	-	-	436,995
	<hr/>	<hr/>	<hr/>	<hr/>
Investments at fair value	<u>\$ 934,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 934,580</u>

NOTE P – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 10, 2023, 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 OC
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 OC, (a California Public Benefit Non-profit Corporation), which comprise the statement of financial position as of December 31, 2022 and 2021, 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 May 10, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Project Youth OC'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 Project Youth OC's internal control. Accordingly, we do not express an opinion on the effectiveness of PY OC'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 PY OC'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 PY OC'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 PY OC's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering PY OC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cambaliza McGee LLP
Newport Beach, California
May 10, 2023