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

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

DECEMBER 31, 2025 AND 2024

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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 financial statements for Orange County Bar Foundation, dba Project Youth OC ("PYOC"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PYOC as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S generally accepted accounting principles.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 PYOC 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 GAAP; 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 PYOC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective is 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 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 the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, 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 PYOC'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 PYOC'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 April 24, 2026, on our consideration of PYOC'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 solely 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 the effectiveness of the PYOC's 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 PYOC's internal control over financial reporting and compliance.

Emphasis of Matter Regarding a Prior Period Adjustment

As discussed in Note B to the financial statements, PYOC identified an error related to campaign pledges receivable as of December 31, 2024. During 2025, it was determined that a previously recognized contribution of \$30,000 was never actually pledged by the donor. Upon discovery of the error, PYOC decided to adjust the 2024 financial statements to properly reflect the campaign pledges receivable as of December 31, 2024. Accordingly, the December 31, 2024, financial statements have been restated to reflect the correction of this error. Our opinion is not modified with respect to that matter.



Cambaliza McGee LLP
Newport Beach, California
April 24, 2026

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Statements of Financial Position

December 31, 2025 and 2024

Assets

	2025	2024
Current assets:		
Cash and equivalents	\$ 443,400	\$ 724,330
Grants receivable	98,273	119,713
Inventory	18,970	21,810
Prepaid expenses	9,330	5,615
Campaign pledges - current portion	21,480	54,522
Total current assets	<u>591,453</u>	<u>925,990</u>
Noncurrent assets:		
Campaign pledges - noncurrent portion	41,733	9,250
Investments	1,616,201	1,015,378
Property and equipment, net	1,832,977	1,850,172
Right-of-use asset finance lease, net	29,269	48,167
Total noncurrent assets	<u>3,520,180</u>	<u>2,922,967</u>
Total assets	<u>\$ 4,111,633</u>	<u>\$ 3,848,957</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 15,856	\$ 6,277
Accrued expenses	119,358	103,046
Deferred revenue	7,085	-
Note payable - current portion	38,557	33,202
Finance lease liability - current portion	19,387	18,900
Total current liabilities	<u>200,243</u>	<u>161,425</u>
Noncurrent liabilities:		
Note payable, net of current portion	676,924	739,454
Finance lease liability, net of current portion	9,880	29,267
Total noncurrent liabilities	<u>686,804</u>	<u>768,721</u>
Total liabilities	<u>887,047</u>	<u>930,146</u>
Net assets:		
Without donor restrictions	2,904,723	2,590,261
With donor restrictions	319,863	328,550
Total net assets	<u>3,224,586</u>	<u>2,918,811</u>
Total liabilities and net assets	<u>\$ 4,111,633</u>	<u>\$ 3,848,957</u>

See accompanying notes to financial statements.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Statements of Activities

Year ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Unrestricted net assets:		
Revenue and support:		
Foundation revenue	\$ 1,145,121	\$ 870,990
Fundraising events	371,717	254,256
Contributions - various	354,663	210,831
Grant revenue	775,054	1,030,027
In-kind revenue	4,375	-
Other income	-	81,625
Interest income	55,625	43,305
Realized loss on investments	(7,608)	-
Unrealized gain on investments	136,496	74,783
Total unrestricted revenue and support	<u>2,835,443</u>	<u>2,565,817</u>
Net assets released from donor restrictions:		
Satisfaction of program restrictions	140,149	101,616
Appropriated for scholarships	10,000	45,000
Appropriated for building loan	9,538	4,911
	<u>169,687</u>	<u>151,527</u>
Total unrestricted revenues, support, and reclassifications	<u>2,995,130</u>	<u>2,717,344</u>
Expenses:		
Program services:		
Juvenile crime prevention	713,815	504,837
College and career development	787,266	932,635
Parent enrichment/health education	498,179	445,657
Total program services	<u>1,999,260</u>	<u>1,883,129</u>
Support services:		
Fund development	447,042	570,431
Management and general	234,366	215,248
Total support services	<u>681,408</u>	<u>785,679</u>
Total expenses	<u>2,680,668</u>	<u>2,668,808</u>
Increase in net assets without donor restrictions	<u>314,462</u>	<u>48,536</u>
Changes in net assets with donor restrictions:		
Contributions	41,000	100,000
Foundation revenue	100,000	-
Scholarships - opportunity fund	10,000	-
Net assets released from restrictions	<u>(159,687)</u>	<u>(151,527)</u>
Decrease in net assets with donor restrictions	<u>(8,687)</u>	<u>(51,527)</u>
Change in net assets	305,775	(2,991)
Net assets at beginning of year	<u>2,918,811</u>	<u>2,921,802</u>
Net assets at end of year	<u>\$ 3,224,586</u>	<u>\$ 2,918,811</u>

See accompanying notes to financial statements.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
Statement of Functional Expenses
Year ended December 31, 2025

	Program Services				Support Services			Total Expenditures
	Juvenile Crime Prevention	College and Career Development	Parent Enrichment/Health Education	Total Program Services	Management and General	Fund Development		
Association Fees 1605 E 17th	\$ 6,998	\$ 7,399	\$ 5,355	\$ 19,752	\$ 2,452	\$ 3,882	\$ 26,086	
Audit/Accounting Fees	8,283	8,759	6,338	23,380	2,903	4,594	30,877	
Bank Fees	335	355	257	947	4,013	1,094	6,054	
Building Repairs/Maintenance	8,199	8,669	6,274	23,142	2,873	4,548	30,563	
Computer Maintenance/Purchases/Software	13,180	14,606	10,085	37,871	4,619	7,311	49,801	
Conf/Travel/Training	496	548	812	1,856	2,948	70	4,874	
Consultants	40,942	43,292	31,328	115,562	14,348	22,710	152,620	
Court Fees	43,206	-	-	43,206	-	-	43,206	
Depreciation expense	13,510	14,285	10,338	38,133	4,735	7,494	50,362	
Director Expense	10,739	11,731	8,217	30,687	7,756	8,807	47,250	
Fundraising Event Expense	-	-	-	-	-	82,791	82,791	
Incentives	-	1,650	400	2,050	554	206	2,810	
Instructors	18,511	400	-	18,911	-	-	18,911	
Insurance	4,797	5,071	3,670	13,538	1,681	2,661	17,880	
Interest expense	16,091	17,016	12,313	45,420	5,639	8,926	59,985	
Local Travel/Mileage	2,406	1,434	2,841	6,681	-	-	6,681	
Marketing	22,857	24,170	17,490	64,517	8,010	13,091	85,618	
Office Supplies/Printing	1,817	2,552	1,391	5,760	637	1,020	7,417	
Personnel/Taxes/Benefits	468,501	495,411	358,487	1,322,399	164,185	259,873	1,746,457	
Postage	550	580	421	1,551	193	305	2,049	
Program Materials (including print)	9,415	8,742	4,814	22,971	-	2,465	25,436	
Property Taxes/Business Taxes	323	340	247	910	113	179	1,202	
Recognition	-	22,572	-	22,572	-	-	22,572	
Scholarships	1,000	20,419	-	21,419	-	-	21,419	
Subcontractor	-	53,462	-	53,462	-	-	53,462	
Telephone	5,550	5,868	4,246	15,664	1,945	3,078	20,687	
Utilities	6,438	6,809	4,926	18,173	2,256	3,571	24,000	
Other expenses	9,671	11,126	7,929	28,726	2,506	8,366	39,598	
Total functional expenses	\$ 713,815	\$ 787,266	\$ 498,179	\$ 1,999,260	\$ 234,366	\$ 447,042	\$ 2,680,668	

See accompanying notes to financial statements.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)
Statement of Functional Expenses
Year ended December 31, 2024

	Program Services				Support Services		
	Juvenile Crime Prevention	College and Career Development	Parent Enrichment/Health Education	Total Program Services	Management and General	Fund Development	Total Expenditures
Association Fees 1605 E 17th	\$ 4,882	\$ 7,670	\$ 4,653	\$ 17,205	\$ 2,199	\$ 4,046	\$ 23,450
Audit/Accounting Fees	6,054	10,197	6,024	22,275	2,847	5,238	30,360
Bank Fees	1,802	2,832	1,718	6,352	812	1,493	8,657
Building Repairs/Maintenance	6,947	11,062	6,475	24,484	3,129	5,757	33,370
Computer Maintenance/Purchases/Software	8,112	18,932	7,902	34,946	3,734	6,872	45,552
Conf/Travel/Training	834	1,358	806	2,998	376	633	4,007
Consultants	36,673	79,087	35,494	151,254	16,774	30,864	198,892
Court Fees	14,189	-	-	14,189	-	-	14,189
Depreciation expense	9,088	14,993	8,698	32,779	4,162	7,843	44,784
Director Expense	815	1,373	811	2,999	383	705	4,087
Fundraising Event Expense	-	38	-	38	-	101,611	101,649
Incentives	-	240	1,448	1,688	200	-	1,888
Instructors	19,540	-	-	19,540	-	-	19,540
Insurance	3,583	6,194	3,624	13,401	1,713	3,152	18,266
Interest expense	11,916	19,536	11,289	42,741	5,432	9,814	57,987
Local Travel/Mileage	3,438	2,887	3,633	9,958	643	1,182	11,783
Marketing	1,159	1,985	1,172	4,316	554	1,039	5,909
Office Supplies/Printing	2,289	1,498	2,148	5,935	965	1,774	8,674
Personnel/Taxes/Benefits	349,169	541,270	332,581	1,223,020	156,393	288,504	1,667,917
Postage	622	978	593	2,193	280	516	2,989
Program Materials (including print)	12,694	9,294	5,761	27,749	496	4,641	32,886
Property Taxes/Business Taxes	257	376	245	878	142	216	1,236
Recognition	-	21,048	-	21,048	-	-	21,048
Scholarships	-	96,970	-	96,970	-	-	96,970
Subcontractor	-	58,322	-	58,322	-	-	58,322
Telephone	3,288	5,684	3,326	12,298	1,572	2,892	16,762
Utilities	5,323	8,363	5,074	18,760	2,396	4,412	25,568
Bad debt expense	-	-	-	-	-	85,629	85,629
Other expenses	2,163	10,448	2,182	14,793	10,046	1,598	26,437
Total functional expenses	\$ 504,837	\$ 932,635	\$ 445,657	\$ 1,883,129	\$ 215,248	\$ 570,431	\$ 2,668,808

See accompanying notes to financial statements.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Statements of Cash Flows

Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 305,775	\$ (2,991)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	50,362	44,784
Amortization of right-of-use asset finance lease	18,898	(13,500)
Interest on loan origination costs	12,448	12,925
Bad debt expense	-	85,629
Change in operating assets and liabilities		
Inventory	2,840	1,329
Grants receivable	21,440	69,318
Prepaid expenses	(3,715)	(70)
Campaign pledges receivable-unrestricted	559	31,711
Accounts payable	9,579	(9,528)
Accrued expenses	16,312	32,512
Finance lease liability	-	28,780
Deferred revenue	7,085	(73,400)
Net cash provided by operating activities	<u>441,583</u>	<u>207,499</u>
Cash flows from investing activities:		
(Purchase) sale of investments	(600,823)	450,884
Purchase of property and equipment	<u>(33,167)</u>	<u>(36,103)</u>
Net cash (used in) provided by investing activities	<u>(633,990)</u>	<u>414,781</u>
Cash flows from financing activity:		
Payments on note payable	(69,623)	(36,264)
Payments on finance lease obligations	<u>(18,900)</u>	<u>(18,820)</u>
Net cash used in financing activities	<u>(88,523)</u>	<u>(55,084)</u>
(Decrease) increase in cash and cash equivalents	(280,930)	567,196
Cash and cash equivalents at beginning of year	<u>724,330</u>	<u>157,134</u>
Cash and cash equivalents at end of year	<u>\$ 443,400</u>	<u>\$ 724,330</u>
Supplemental information:		
Cash paid for interest	<u>\$ 23,464</u>	<u>\$ 25,324</u>

See accompanying notes to financial statements.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Notes to the Financial Statements
December 31, 2025 and 2024

Note A – Organization and Programs

The Orange County Bar Foundation, dba Project Youth OC ("PYOC") is a California nonprofit organization that provides prevention, early intervention, and family-centered support services for youth and families. PYOC operates an integrated model that includes juvenile diversion, college and career access, and family strengthening programs, helping young people build positive pathways and long-term success. PYOC works in partnership with local law enforcement, the juvenile court system, schools, and community organizations to serve youth at critical turning points. PYOC is funded through a combination of government grants, private foundations, corporate partnerships, and individual contributions. PYOC also hosts several fundraising initiatives, including its partnership with the OC Marathon, an annual golf tournament, and donor engagement experiences such as Society of Fellows.

PYOC provided the following programs during 2025 and 2024:

- *Juvenile Crime Prevention and Substance Abuse Intervention Services:*
SHORTSTOP – is a behavioral support and juvenile diversion program serving youth and their families. Youth are referred by law enforcement, schools, and community partners and engaged at critical turning points. Through restorative practices and legal education, participants are supported in making informed, positive decisions. Shortstop provides a structured alternative to expulsion or justice system involvement, with services that include whole-family support and restorative communication. Programming is delivered in courthouses, school sites, and community-based locations.

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.
- *College Development:*
The Higher Education Mentoring Program – is a unique program which supports college-bound high school juniors and seniors in Orange County who face barriers to higher education. 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 the Financial Statements
December 31, 2025 and 2024

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 to participate in an eight-week summer paid internship at local law firms and businesses that support the legal community.
- *Parent Enrichment/Health Education:*
Madres Unidas – provides culturally responsive health education and family support services to mothers in high-need communities. All services are provided in a culturally and bilingually competent manner. Components include: identity development, confidence-building, and healthy decision-making skills.

Youth Making Proud Choices and YMPC – provides comprehensive health education for youth in communities with demonstrated need 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

(1) Basis of Accounting

The financial statements of PYOC are prepared on the accrual basis of accounting.

(2) Classification of Net Assets

PYOC reports information regarding the financial position and activities in two classes of net assets – without donor restrictions and with donor restrictions – based upon the existence or absence of donor-imposed restrictions.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Notes to the Financial Statements
December 31, 2025 and 2024

Note B – Summary of Significant Accounting Policies (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 include net assets that are subject to donor-imposed restrictions that are released by the passage of time, or when the stipulated purpose for which the resource was restricted has been fulfilled, or both, or be maintained in perpetuity.

(3) 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; the U.S. Department of Education for ICAN!; 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. PYOC does not have a reserve for credit losses.

(4) Inventory

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

(5) Income Taxes

PYOC is a California nonprofit corporation, and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and California income tax under Section 23701d of the California Revenue and Taxation Code. No income tax expense has been recorded for the years ended December 31, 2025 and 2024.

(6) Donated Services and Goods

A number of individuals and entities have contributed significant amounts of their time and/or donated services to PYOC. PYOC 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 the Financial Statements
December 31, 2025 and 2024

Note B – Summary of Significant Accounting Policies

(7) Property and Equipment

Property and equipment are carried at cost, net of accumulated depreciation and amortization. Purchased property and equipment in excess of \$5,000 are capitalized. Donated items are capitalized at estimated fair value at the date of contribution. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the assets, which range from 5-50 years. Assets held under finance leases are depreciated over the expected life on the same basis as owned assets.

(8) 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.

(9) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("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.

(10) Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and employee benefits are allocated based on estimated of time and effort. Other natural expenses categories are charged to the functional expense category on an invoice basis based on the nature of the expense.

(11) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with maturities of three months or less at the time of purchase, except for cash equivalents maintained for long term purposes. PYOC maintains individual bank accounts with banks that are members of the Federal Deposit Insurance Corporation ("FDIC"). All accounts are insured by the FDIC, up to \$250,000.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Notes to the Financial Statements
December 31, 2025 and 2024

Note B – Summary of Significant Accounting Policies (Continued)

(12) Investments

Investments are reported at fair value and made according to the investment objective and policies adopted by PYOC's Board. These guidelines provide for investments in equities, fixed-income, limited partnership and other securities with performance measured against appropriate indices. PYOC contracts with outside investment managers to provide investment management and services.

Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

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.

(13) Prior Period Adjustment

During 2025, PYOC identified an error related to a \$30,000 campaign pledge receivable recorded as of December 31, 2024. It was determined that the \$30,000 contribution was never actually pledged per the donor. To correct this error, a prior period adjustment was recorded to account for bad debt expense in the amount of \$30,000. This adjustment decreased restricted net assets by \$30,000, from \$358,550 to \$328,550 as of December 31, 2024.

(14) Reclassification

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

Note C – Grants Receivable and Allowance for Credit Losses

Grants receivable totaled \$98,273 and \$119,713 as of December 31, 2025 and 2024, respectively. Based on the strength of the donors' reputations, payment history, and signed agreements, management believes that an allowance for credit losses is not necessary. All grant receivables are expected to be received less than one year.

The allowance for credit losses is a valuation account that is deducted from the receivables amortized costs basis to present the net amount expected to be collected on the receivables. Receivables are charged off against the allowance when management believes the uncollectibility of a receivable balance is confirmed. Management estimates the allowance balance using relevant available information from internal and external services, related to past events, current conditions, and reasonable supportable forecasts.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Notes to the Financial Statements

December 31, 2025 and 2024

Note C – Grants Receivable and Allowance for Credit Losses (Continued)

PYOC measures expected credit losses for receivables on a pooled basis when similar characteristics exist. As of December 31, 2025, all receivables are similar due to the collateral type. The allowance for credit losses as of December 31, 2025 and 2024 was \$0.

Note D – Campaign Pledges Receivable

In 2019, PYOC launched the Elevate Educate Empower campaign, a comprehensive fundraising initiative. The campaign is now complete and no longer active.

As of December 31, 2025, three pledges remain outstanding from the campaign and are expected to be received. A schedule of these pledges is included below.

	<u>2025</u>	<u>2024</u>
Campaign pledges:		
Programs	\$ 574,200	\$ 574,200
Scholarships	352,227	352,227
Mortgage paydown	509,312	509,312
Less: pledges collected	<u>(1,369,139)</u>	<u>(1,359,189)</u>
Total campaign pledges	66,600	76,550
Less: discount to reflect at present value	<u>(3,387)</u>	<u>(12,778)</u>
Total campaign pledges, net	63,213	63,772
Less: current portion of campaign pledges	<u>(21,480)</u>	<u>(54,522)</u>
Long-term portion of campaign pledges	<u>\$ 41,733</u>	<u>\$ 9,250</u>

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Notes to the Financial Statements
December 31, 2025 and 2024

Note D – Campaign Pledges Receivable (Continued)

Scheduled payments are as follows:

2026	\$ 21,480
2027	20,867
2028	<u>20,866</u>
 Total	 <u>\$ 63,213</u>

Note E – Property and Equipment

Property and equipment are summarized as follows as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Building and improvements	\$ 2,151,236	\$ 2,123,240
Furnitures and fixtures	56,509	56,509
Computers and software	<u>90,649</u>	<u>85,478</u>
Property and equipment, gross	2,298,394	2,265,227
Less accumulated depreciation	<u>(465,417)</u>	<u>(415,055)</u>
Property and equipment, net	<u>\$ 1,832,977</u>	<u>\$ 1,850,172</u>

Depreciation expense totaled \$50,362 and \$44,784 for the years ended December 31, 2025 and 2024, respectively.

Note F – Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Hoag	\$ 100,000	\$ 100,000
Subject to OCBF spending policy and appropriation:		
Capital Campaign for Building Payoff (Net of Discount)	19,012	28,550
Youth Education and Professional Development	200,000	-
Other	851	-
Capital Campaign for Scholarships Payoff (Net of Discount)	<u>-</u>	<u>200,000</u>
Total net assets with donor restrictions	<u>\$ 319,863</u>	<u>\$ 328,550</u>

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Notes to the Financial Statements

December 31, 2025 and 2024

Note F – Net Assets with Donor Restrictions (Continued)

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

Note G – Liquidity and Availability

Financial assets available within one year for general expenditures including operating expenses and grant disbursements as of December 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 443,400	\$ 724,330
Grants receivable	98,273	119,713
Investments	1,616,201	1,015,378
Less amount not available for expenditures:		
Donor - restricted	(319,863)	(328,550)
Total financial assets available for expenditure	<u>\$ 1,838,011</u>	<u>\$ 1,530,871</u>

Note H – Note Payable

On February 1, 2017, PYOC entered into a \$1,700,000 loan agreement with Farmers & Merchant. The loan accrues interest at 3.04% for the first 5 years than converts to a fixed annual rate of the U.S Treasury note rate plus 1.25%, but not less than 3%. The loan matures on February 1, 2027. The loan balance as of December 31, 2025 and 2024 was \$728,989 and \$798,613, respectively.

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

	2025	2024
Note payable due	\$ 728,989	\$ 798,613
Less: unamortized loan origination costs	(13,508)	(25,957)
	715,481	772,656
Less: current-portion	(38,557)	(33,202)
Long-term portion of note payable	<u>\$ 676,924</u>	<u>\$ 739,454</u>

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Notes to the Financial Statements
December 31, 2025 and 2024

Note H – Note Payable (Continued)

Scheduled principal payments are due as follows:

2026	\$ 38,557
2027	<u>676,924</u>
Total	<u>\$ 715,481</u>

PYOC incurred loan origination costs associated with the loan with Farmers & Merchant. In accordance with GAAP, these costs are capitalized and amortized over the loan term using the effective interest method. Capitalized loan origination costs totaled \$13,986 and \$25,957 as of December 31, 2025, and 2024, respectively.

During the period, amortization of these costs amounted to \$12,448, recognized as interest expense in the statements of activities for the years ended December 31, 2025 and 2024. The remaining unamortized balance is reported as a reduction of the related loan liability on the statements of financial position.

Note I – Obligation Under Finance Leases

In April 2022, PYOC entered a finance lease for office equipment with terms expiring in June 2027. PYOC uses the implicit interest rate in determining the present value of lease payments. Finance lease expense is recognized on a straight-line basis over the lease term.

Information related to finance lease presents on the financial position was as follows:

	<u>2025</u>	<u>2024</u>
Finance lease right-of-use assets	<u>\$ 29,269</u>	<u>\$ 48,167</u>
Current portion of finance lease liability	19,387	18,900
Finance lease liability, net of current portion	<u>9,880</u>	<u>29,267</u>
Total finance lease liability	<u>\$ 29,267</u>	<u>\$ 48,167</u>
Weighted average remaining lease term in years	1.4	2.4
Weighted-average discount rate	2.55%	2.55%

Obligations under finance lease for the years ended December 31, 2025 and December 31, 2024 totaled \$19,908.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Notes to the Financial Statements
December 31, 2025 and 2024

Note I – Obligation Under Finance Leases (Continued)

For the year ended December 31, 2025, supplemental cash flow information related to the finance lease was as follows:

Cash paid for amounts included in the measurement of finance lease liabilities	\$ <u>18,900</u>
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Future obligations for finance leases as of December 31, 2025 are as follows:

2026	\$ 19,908
2027	<u>9,954</u>
Total lease payments	29,862
Less interest	<u>(595)</u>
Total finance lease liability	<u>\$ 29,267</u>

Assets under finance lease consist of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Toshiba copier	\$ 97,727	\$ 97,726
Less: accumulated depreciation	<u>(68,458)</u>	<u>(49,559)</u>
Assets under finance lease, net	<u>\$ 29,269</u>	<u>\$ 48,167</u>

Depreciation expense related to Toshiba copier under finance lease for the years ended December 31, 2024, and 2025 totaled \$18,899 and \$18,424 respectively.

Note J – Employee Benefits Plan

Employees of PYOC 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, PYOC may, at its discretion, match employee contributions. The 403(b) matching contribution cost recognized by PYOC for the years ended December 31, 2025 and 2024 was \$36,767 and \$36,700, respectively.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Notes to the Financial Statements

December 31, 2025 and 2024

Note K – Jeffery M. Carlton Foundation Gift

In 2013, PYOC was the recipient of an annual donation from the Jeffrey M. Carlton Foundation. PYOC is one of three designated beneficiaries of the net income and principal of the Jeffrey Carlton Foundation managed by the Wilmington Trust Company. PYOC 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. PYOC received \$954,121 and \$723,990 for the years ended December 31, 2025 and 2024, respectively. There are no restrictions imposed on the gift.

Note L – Related-Parties

PYOC campaign pledges receivable are pledges made by current and former PYOC Board, Associate Board of Directors, and other community donors. These funds have been restricted by the Donors to be used to carry out the campaign goals as described in Note D.

Note M – Fair Value Measurements

In accordance with FASB ASC Topic 820, Fair Value Measurement, fair value is defined as the price that PYOC would receive upon selling an asset or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset. FASB ASC Topic 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed as follows:

- Level 1 - Quoted prices in active markets for identical assets
- Level 2 - Other significant observable inputs (including quoted prices for similar assets, interest rates, prepayment speeds, and credit risk)
- Level 3 - Significant unobservable inputs (including PYOC own assumptions in determining the fair value of assets)

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, 2025 and 2024, due to the relative short maturities of these instruments.

Note N – Investments

PYOC's investments consist of stocks and mutual funds, which are measured at fair value in the accompanying statements of financial position. Fair value is determined based on quoted market prices in active markets.

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Notes to the Financial Statements

December 31, 2025 and 2024

Note N – Investments (Continued)

Stocks: Investments in stocks are valued at their market price as of the reporting date. Unrealized gains and losses are included in the statements of activities.

Mutual Funds: Investments in mutual funds are valued at the net asset value ("NAV") per share as reported by the fund. Unrealized gains and losses are included in the statements of activities.

As of December 31, 2025 and 2024, all investments in stocks and mutual funds are classified as Level 1 within the fair value hierarchy.

The following table sets forth estimated fair values, of PYOC's investments measured and recorded on a recurring basis at December 31, 2025:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Fixed income securities:				
Doubleline Total Return Bond Fund Class I	\$ 6,114	\$ -	\$ -	\$ 6,114
Short Term Fund Inst	52,118	-	-	52,118
Total Return Fund Inst	131,048	-	-	131,048
Real Return Fund Inst	16,723	-	-	16,723
Income Fund Inst	345,330	-	-	345,330
Total Fixed Income Securities	<u>\$ 551,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 551,333</u>
Equity securities:				
Equity securities - financial services industry	\$ 280,530	\$ -	\$ -	\$ 280,530
Equity securities - healthcare industry	138,504	-	-	138,504
Equity securities - other	645,834	-	-	645,834
Total Equity Securities	<u>\$ 1,064,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,064,868</u>
Total Investments at fair value	<u>\$ 1,616,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,616,201</u>

ORANGE COUNTY BAR FOUNDATION (dba PROJECT YOUTH OC)

Notes to the Financial Statements

December 31, 2025 and 2024

Note N – Investments (Continued)

The following table sets forth estimated fair values, of PYOC's investments measured and recorded on a recurring basis at December 31, 2024:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Fixed income securities:				
Doubleline Total Return Bond Fund Class I	\$ 40,127	\$ -	\$ -	\$ 40,127
TCW Metwest Ttl Return Bond Fund Class I	43,878	-	-	43,878
Short Term Fund Inst	80,249	-	-	80,249
Total Return Fund Inst	44,348	-	-	44,348
Real Return Fund Inst	16,078	-	-	16,078
Income Fund Inst	53,059	-	-	53,059
Vanguard Short Term Fed Fd Adm	80,850	-	-	80,850
Total Fixed Income Securities	<u>\$ 358,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 358,589</u>
Equity securities:				
Equity securities - oil and gas industry	\$ 23,635	\$ -	\$ -	\$ 23,635
Equity securities - financial services industry	172,420	-	-	172,420
Equity securities - healthcare industry	45,286	-	-	45,286
Equity securities - other	415,448	-	-	415,448
Total Equity Securities	<u>\$ 656,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 656,789</u>
Total Investments at fair value	<u>\$ 1,015,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,015,378</u>

Note O – Subsequent Events

PYOC evaluated events or transactions that occurred subsequent to the statements of financial position date through April 24, 2026, the date the accompanying 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Orange County Bar Foundation, dba Project Youth OC, ("PYOC"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, statements of functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered PYOC's internal control over financial reporting (internal control) as a basis for designing 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 PYOC's internal control. Accordingly, we do not express an opinion on the effectiveness of PYOC'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 entity'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether PYOC'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 PYOC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PYOC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cambaliza McGee LLP

Cambaliza McGee LLP
Newport Beach, California
April 24, 2026