CAUSA JUSTA::JUST CAUSE

FINANCIAL STATEMENTS

June 30, 2023

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)

CROSBY & KANEDA
Certified Public Accountants
for Nonprofit Organizations

CAUSA JUSTA :: JUST CAUSE

Contents

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Causa Justa::Just Cause
Oakland, California

Opinion

We have audited the accompanying financial statements of Causa Justa::Just Cause (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows and functional expenses, 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 Causa Justa::Just Cause as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we: Exercise professional judgment and maintain professional skepticism throughout the audit. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby + Kaneda CPAs LLP

Alameda, California
May 10, 2024

CAUSA JUSTA :: JUST CAUSE

Statement of Financial Position
For the Year Ended June 30, 2023
(With Comparative Totals as of June 30, 2022)

		2023		2022
Assets				
Assets				
Cash and cash equivalents	$	3,142,829	$	3,311,126
Accounts receivable		444,986		433,771
Contributions receivable (Note 3)		668,811		318,655
Prepaid expenses and deposits		72,960		85,668
Property and equipment, net (Note 4)		32,524		41,200
Operating lease - right-of-use asset		750,167		-
Total Assets	$	5,112,277	$	4,190,420
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$	68,209	$	88,765
Partner payables (Note 9)		254,220		264,446
Accrued vacation		39,695		43,606
Operating lease liability (Note 5)		754,569		-
Total Liabilities		1,116,693		396,817
Net Assets				
Without donor restrictions		3,068,084		3,311,103
With donor restrictions (Note 7)		927,500		482,500
Total Net Assets		3,995,584		3,793,603
Total Liabilities and Net Assets	$	5,112,277	$	4,190,420

See Notes to the Financial Statements

CAUSA JUSTA :: JUST CAUSE

Statement of Activities
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Support and Revenue				
Foundation and community grants	$ 146,971	$ 1,420,000	$ 1,566,971	$ 553,999
Contributions	80,477		80,477	190,687
Government grants and contracts	834,962		834,962	1,111,240
Honoraria, collaborations and other	8,066		8,066	40,086
Interest	39,411		39,411	8,704
Support provided by expiring time and purpose restrictions	975,000	(975,000)	-	-
Total Support and Revenue	2,084,887	445,000	2,529,887	1,904,716
Expenses				
Programs	1,567,114		1,567,114	1,656,167
Management and general	470,477		470,477	431,647
Fundraising	290,315		290,315	424,361
Total Expenses	2,327,906	-	2,327,906	2,512,175
Change in Net Assets	(243,019)	445,000	201,981	(607,459)
Net Assets, beginning of year	3,311,103	482,500	3,793,603	4,401,062
Net Assets, end of year	$ 3,068,084	$ 927,500	$ 3,995,584	$ 3,793,603

See Notes to the Financial Statements

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Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 201,981	$ (607,459)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	16,531	9,698
Change in assets and liabilities:		
Accounts receivable	(11,215)	(16,397)
Contributions receivable	(350,156)	155,351
Prepaid expenses and deposits	12,708	(38,452)
Operating lease assets and liabilities	4,402	-
Accounts payable and accrued expenses	(20,556)	(94,234)
Partner payables	(10,226)	(33,657)
Accrued vacation	(3,911)	(9,510)
Deferred revenue	-	(46,575)
Net cash provided (used) by operating activities	(160,442)	(681,235)
Cash flows from investing activities:		
Purchase of property and equipment	(7,855)	-
Net cash provided (used) by investing activities	(7,855)	-
Net change in cash and cash equivalents	(168,297)	(681,235)
Cash and cash equivalents, beginning of year	3,311,126	3,992,361
Cash and cash equivalents, end of year	$ 3,142,829	$ 3,311,126
Supplementary Information		
Right-of-use assets obtained in exchange for lease liabilities	$ 889,311	$ -
Cash paid for amounts included in operating lease liabilities	$ 162,782	$ -

See Notes to the Financial Statements

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Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Program	Management and General	Fundraising	Total 2023	Total 2022
Salaries	$ 935,825	$ 210,890	$ 171,348	$ 1,318,063	$ 1,531,412
Employee benefits	171,550	38,660	31,411	241,621	270,354
Payroll taxes	77,068	17,368	14,111	108,547	126,328
Total Personnel	1,184,443	266,918	216,870	1,668,231	1,928,094
Grants	4,944	-	-	4,944	2,428
Accounting	-	53,956	-	53,956	43,714
Fees for service	104,864	45,621	12,717	163,202	162,124
Advertising	49	17	10	76	1,000
Office expenses	46,877	19,786	14,727	81,390	52,137
Information technology	40,070	11,896	8,048	60,014	49,348
Occupancy	144,907	49,748	29,520	224,175	229,330
Travel and meals	20,430	5,662	5,476	31,568	10,729
Depreciation	10,691	3,664	2,176	16,531	9,698
Insurance	3,268	4,977	665	8,910	14,759
Uncollectible receivables	-	6,894	-	6,894	4,215
Fees and other expenses	6,571	1,338	106	8,015	4,599
Total Expenses	$ 1,567,114	$ 470,477	$ 290,315	$ 2,327,906	$ 2,512,175

NOTE 1: NATURE OF ACTIVITIES

Causa Justa::Just Cause (the Organization) is a California nonprofit public benefit corporation. Its mission is to build grassroots power and leadership among immigrant Latinx and African American residents to create strong, equitable and sustainable communities. Born through two mergers between Black organizations and Latinx organizations, we build bridges of solidarity between working class communities. Through rights-based services, policy campaigns, civic engagement, and direct action, we improve conditions in our neighborhoods in the San Francisco Bay Area, and contribute to building the larger multi-racial, multi-generational movement needed for fundamental change.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year.

Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounting for Revenue

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates is recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less. All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless related to a donor specified restriction for a particular purpose or future period.

Collaborations

The Organization participates in collaborations to provide immigrant educational services. Payment on such contracts generally consists of an amount received at project start, with a remaining smaller payment on project completion. The Organization recognizes revenue over the project term if its performance obligations are generally completed over that period. The portion of contract amounts, if any, for future periods are deferred.

Other Revenue

Other revenue consists of a variety of smaller items including honorariums related to staff member speaking engagements, minor facility use payments and other miscellaneous items.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2023 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2023.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on cost reimbursement or performance grants and customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at June 30, 2023. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Contributions Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at June 30, 2023. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair value of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value. The Organization had no assets or liabilities recorded at fair value on June 30, 2023.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over $2,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	5-7 years
Leasehold improvements	15 years or lease term
Website	5 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Expense Recognition and Allocation

The cost of providing the Organization’s programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel. All other shared costs are based on salary allocations.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This update supersedes much of the existing authoritative guidance for leases. The update requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. Further related updates included *ASU No. 2018-01, ASU No. 2021-05* and additional modifications and clarifications. The adoption of this standard increased the Organization’s right of use asset balances as well as related operating lease liability balance. The Organization opted to adopt the following expedients and elections with respect to these updates: To adopt this ASU on a modified retrospective basis; To not reassess prior conclusions with respect to (i) whether an arrangement is or contains a lease, (ii) lease classification and (iii) initial direct costs for leases that commence prior to the adoption date of the new standard; To use hindsight with respect to determining the lease term; To exclude leases that (a) have a lease term of 12 months or less and (b) do not contain a reasonably certain purchase option; To combine non-lease components with related lease components. The adoption of this update increased assets and liabilities by $889,311 and had no material impact on the Organization’s net assets.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of May 10, 2024, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at June 30, 2023:

Less than one year	$ 641,506
One to four years	30,000
Less discount to present value	(2,695)
Total	$ 668,811

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2023	2022
Furniture and equipment	$ 31,924	$ 31,924
Leasehold improvements	17,969	10,113
Website	21,060	21,060
Less accumulated depreciation	(38,429)	(21,897)
Total	$ 32,524	$ 41,200

NOTE 5: OPERATING LEASE LIABILITY

The Organization is party to two non-cancelable leases for office space. The San Francisco, California lease extends through April 2027 and an option to renew through April 2032 at a fixed but increasing cost. The Oakland, California lease extends through May 2029 with 5 options to extend for 5 years (totaling 25 additional years) with increases for each 5-year option period based on CPI subject to certain caps. Additional variable common area maintenance expenses may be charged. The Organization uses an estimated risk-free rate as its discount rate. Minimum future payments due under these leases were as follows for the years ended June 30:

2024	$	165,036
2025		167,352
2026		169,740
2027		157,772
2028		87,732
Thereafter		73,110
Less amounts representing interest		(66,173)
Total	$	754,569
Weighted-average remaining lease term – operating leases		5.1 years
Weighted-average discount rate		3.4%

Rent expenses including operating lease costs of $167,185 with additional variable common area maintenance expenses of $47,798 for the year ended June 30, 2023.

NOTE 6: CONTINGENCIES

Compliance with Donor Restrictions

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

Sabbaticals

The Organization offers eligible employees up to three months paid sabbatical leave after five consecutive years of full-time employment. A regular part-time employee in good standing may also apply for a sabbatical on a pro-rata basis of hours worked over the five years. Sabbatical benefits do not vest, and leave is subject to the financial health of the Organization. The Executive Director and the Board of Directors retain the discretion to grant or deny requests for sabbatical leave. As of June 30, 2023, the Organization's management has estimated that any costs to the Organization to implement this policy would not be significant, and therefore has not accrued the liability.

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of June 30:

	2023	2022
Purpose restriction	$ -	$ 25,000
Future operations	927,500	457,500
Total	$ 927,500	$ 482,500

NOTE 8: CONCENTRATIONS

Revenue Concentrations and Receivables

The Organization receives a portion of its support from local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

Concentration of Credit Risk

The Organization held the majority of its cash at one bank, and the balances held were in excess of federally insured limits as of June 30, 2023.

NOTE 9: PARTNER PAYABLES

In addition to the activity on the Statement of Activities the Organization acts as a lead fiscal partner for a collaborative of nonprofits. The Organization accounts for funds received and disbursed under these partnerships on a pass-through basis. Activity related to partner payables was as follows for the year ended June 30, 2023:

Partner payables, opening balance	$ 264,446
Funds received or invoiced	907,030
Funds disbursed	(917,256)
Partner payables, ending balance	$ 254,220

NOTE 10: CONDITIONAL PROMISES TO GIVE

In addition to the activity reflected on the Organization's statement of activity, the Organization received $70,000 of conditional promises to give as of June 30, 2023 based on program performance conditions. The Organization recognizes such promises to give as support once the related conditions are satisfied.

NOTE 11: RETIREMENT PLAN

The Organization has a defined contribution retirement plan (the Plan) under section 401(k) of the Internal Revenue Code. The Plan covers all regular full and part-time employees who work more than 20 hours per week. The Organization is not required to make contributions to the Plan. During the years ended June 30, 2023 and 2022, retirement contributions totaled $2,667 and $6,758, respectively.

NOTE 12: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 are:

Cash and cash equivalents	$ 3,142,829
Accounts receivable	444,986
Contributions receivable, current	668,811
Total	$ 4,256,626

As part of the Organization's liquidity management plan, the Organization maintains funds in excess of daily requirements in cash and cash equivalents.