

**CONSOLIDATED FINANCIAL STATEMENTS
CORNERSTONE COMMUNITY DEVELOPMENT
CORPORATION**

DBA

**BUILDING FUTURES WITH WOMEN AND CHILDREN,
AND SUBSIDIARY
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

**REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

YEARS ENDED JUNE 30, 2023 and 2022

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Patricia A. Wintroath, CPA

Independent Auditor's Report

Board of Directors
Cornerstone Community Development Corporation
dba Building Futures with Women
and Children, and Subsidiary
San Leandro, California 94577

Opinion

I have audited the accompanying financial statements of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary (a nonprofit organization) and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary'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 Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal, state and county awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements, for Federal Awards* and the additional information presented on pages 26-34, is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying

accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 7, 2024, on my consideration of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's internal control over financial reporting and on my 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 my 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 Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's internal control over financial reporting and compliance.

Patricia A. Wintworth, CPA

Certified Public Accountant
Walnut Creek, CA
January 7, 2024

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING
FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	<u>Total 2023</u>	<u>Total 2022</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$1,765,085	\$1,326,808
Grants receivable (Note D)	2,157,025	1,879,356
Accounts receivable (Note D)	127,079	153,672
Prepaid expenses	4,071	16,455
	<u>4,053,260</u>	<u>\$3,376,291</u>
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization at June 30, 2023 and 2022 of \$2,916,216 and \$2,730,573, respectively (Note E)	4,137,645	4,323,576
RIGHT OF USE ASSETS (Note H)	1,367,134	0
DEPOSITS	<u>47,384</u>	<u>47,384</u>
TOTAL ASSETS	<u><u>\$9,605,423</u></u>	<u><u>\$7,747,251</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$100,316	\$177,217
Accrued payroll expenses	179,028	163,725
Accrued vacation	195,698	171,393
Rental security deposits	25,714	28,506
Contract Advances	135,389	160,795
Current portion of long term debt (Note G)	34,362	37,294
	<u>670,507</u>	<u>738,930</u>
TOTAL CURRENT LIABILITIES	670,507	738,930
LONG TERM DEBT (Note G)	1,225,935	1,274,440
LEASE LIABILITY (Note H)	1,389,738	0
COMMITMENTS AND CONTINGENCIES (Note I)		
NET ASSETS:		
Without Donor Restrictions	3,795,753	3,334,172
With Donor Restrictions	2,523,490	2,399,709
NET ASSETS (Note J)	<u>6,319,243</u>	<u>5,733,881</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$9,605,423</u></u>	<u><u>\$7,747,251</u></u>

See Notes to Financial Statements

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING
FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY**
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Foundations and community organizations	\$695,725	\$25,000	\$720,725
Donations	179,932		179,932
In-kind donations (Note B and Note J)	232,275		232,275
Total Support	<u>1,107,932</u>	<u>25,000</u>	<u>1,132,932</u>
Revenue:			
Government	11,615,561		11,615,561
Rental income	404,111		404,111
Other revenue	148,111	219,200	367,311
Fundraising	69,632		69,632
Forgiveness of debt	36,873		36,873
Total Revenue	<u>12,274,288</u>	<u>219,200</u>	<u>12,493,488</u>
Net Assets Released From Restrictions	<u>120,419</u>	<u>(120,419)</u>	<u>0</u>
TOTAL SUPPORT AND REVENUE	<u>13,502,639</u>	<u>123,781</u>	<u>13,626,420</u>
EXPENSES			
Program			
San Leandro Shelter	730,181		730,181
Sister Me Home Safe house	853,741		853,741
Midway Shelter	1,314,802		1,314,802
Domestic Violence Outreach	617,558		617,558
Bessie Coleman Court Program	391,504		391,504
Housing Services	5,927,740		5,927,740
Other Program Services	1,048,715		1,048,715
Bessie Coleman Court, Inc.	1,108,699		1,108,699
Total program expenses	<u>11,992,940</u>		<u>11,992,940</u>
Support			
Administration	487,163		487,163
Fundraising	560,955		560,955
Total support expenses	<u>1,048,118</u>		<u>1,048,118</u>
TOTAL EXPENSES	<u>13,041,058</u>	<u>0</u>	<u>13,041,058</u>
CHANGE IN NET ASSETS	461,581	123,781	585,362
NET ASSETS, beginning of year	<u>3,334,172</u>	<u>2,399,709</u>	<u>5,733,881</u>
NET ASSETS, end of year	<u>\$3,795,753</u>	<u>\$2,523,490</u>	<u>\$6,319,243</u>

See Notes to Financial Statements

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES
WITH WOMEN AND CHILDREN, AND SUBSIDIARY**
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Foundations and community organizations	\$762,372	\$	\$762,372
Donations	340,464		340,464
In-kind donations (Note B and Note J)	235,167		235,167
Total Support	1,338,003	0	1,338,003
Revenue:			
Government	8,871,628		8,871,628
Rental income	416,373		416,373
Other revenue	34,799	21,991	56,790
Fundraising	60,455		60,455
Forgiveness of debt	37,228		37,228
Total Revenue	9,420,483	21,991	9,442,474
Net Assets Released From Restrictions	107,723	(107,723)	0
TOTAL SUPPORT AND REVENUE	10,866,209	(85,732)	10,780,477
EXPENSES			
Program			
San Leandro Shelter	930,534		930,534
Sister Me Home Safe house	732,468		732,468
Midway Shelter	795,773		795,773
Domestic Violence Outreach	424,639		424,639
Bessie Coleman Court Program	366,360		366,360
Housing Services	4,254,493		4,254,493
Other Program Services	876,029		876,029
Bessie Coleman Court, Inc.	999,935		999,935
Total program expenses	9,380,231		9,380,231
Support			
Administration	326,860		326,860
Fundraising	584,585		584,585
Total support expenses	911,445		911,445
TOTAL EXPENSES	10,291,676	0	10,291,676
CHANGE IN NET ASSETS	574,533	(85,732)	488,801
NET ASSETS, beginning of year	2,759,639	2,485,441	5,245,080
NET ASSETS, end of year	<u>\$3,334,172</u>	<u>\$2,399,709</u>	<u>\$5,733,881</u>

See Notes to Financial Statements

CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	San Leandro Shelter	Sister Me Home Safe House	Midway Shelter	Domestic Violence Outreach	Bessie Coleman Court Program	Housing Services	Other Program Services	Bessie Coleman Court, Inc.	Total Program	General and Administration	Fundraising	Total Support	Total
Salaries	\$372,199	\$523,608	\$379,305	\$279,263	\$265,146	\$1,442,131	\$356,363	\$184,607	\$3,802,622	\$169,348	\$267,069	\$436,417	\$4,239,039
Payroll taxes	29,770	41,147	30,353	21,834	21,182	115,277	28,589	16,365	304,517	12,651	21,466	34,117	338,634
Employee benefits	38,055	56,597	32,757	31,991	40,769	227,292	46,460	49,571	523,492	10,538	29,438	39,976	563,468
Total personnel expenses	440,024	621,352	442,415	333,088	327,097	1,784,700	431,412	250,543	4,630,631	192,537	317,973	510,510	5,141,141
Occupancy	58,665	20,954	35,588	41,588	4,403	160,558	20,807	130,086	472,649	44,098	31,075	75,173	547,822
Depreciation						8,222	7,583	98,088	113,893	71,751		71,751	185,644
Repairs and maintenance	18,391	13,841	12,592	3,077		3,471	3,015	204,485	258,872	20,550		20,550	279,422
Supplies and food	45,299	22,875	38,771	925	9,671	29,061	32,929	802	180,333	29,074	5,249	34,323	214,656
Professional services	3,220	25,238	1,900	97,253	7,610	36,072	1,532	7,563	180,388	181,758	79,759	261,517	441,905
Insurance	3,691	7,131	2,902	2,067	15,848	12,560	1,329	13,200	58,728	33,504	1,783	35,287	94,015
Communications	12,362	4,832	4,826	2,608	4,648	13,630	6,979	9,716	59,601	4,084	2,391	6,475	66,076
Other direct client assistance	3,445	18,091		95,961	146	3,532,166	373,029	261,165	4,284,003	55,200	34,605	89,805	4,373,808
Interest expense									0	2,139		2,139	2,139
Legal and accounting		11,663						715	12,378	53,528		53,528	65,906
Client transportation	1,875	1,421	490	2,450	311	14,895	54,777	694	76,913			0	76,913
Other expenses	40,816	83,341	29,565	34,700	13,077	255,672	104,863	115,602	677,636	(231,289)	30,863	(200,426)	477,210
Staff travel	113	13	1,086	524		6,059	24		7,819	1,095	1,074	2,169	9,988
Annual fundraising event-direct expenses									0		37,686	37,686	37,686
Equipment purchase and rental	7,266	15,371	15,044	3,317	6,788	63,056	8,531	15,777	135,150	26,308	2,510	28,818	163,968
Project construction			624,008						624,008			0	624,008
Merchant and bank fees								263	263	2,826	3,387	6,213	6,476
In-kind supplies and services	95,014	7,618	105,615		1,905	7,618	1,905		219,675		12,600	12,600	232,275
Total expenses	\$730,181	\$853,741	\$1,314,802	\$617,558	\$391,504	\$5,927,740	\$1,048,715	\$1,108,699	\$11,992,940	\$487,163	\$560,955	\$1,048,118	\$13,041,058

See Notes to Financial Statement

CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	San Leandro Shelter	Sister Me Home Safe House	Midway Shelter	Domestic Violence Outreach	Bessie Coleman Court Program	Housing Services	Other Program Services	Bessie Coleman Court, Inc.	BCC Inc admin	Total Program	General and Administration	Fundraising	Total Support	Total
Salaries	\$387,444	\$470,295	\$433,721	\$205,978	\$254,441	\$962,363	\$311,178	\$184,607		\$3,210,027	\$142,742	\$345,547	\$488,289	\$3,698,316
Payroll taxes	31,520	39,218	35,771	17,170	20,734	77,150	24,817	16,365		262,745	12,807	28,445	41,252	303,997
Employee benefits	45,187	39,192	39,120	24,085	35,916	146,045	34,161	49,571		413,277	21,351	22,708	44,059	457,336
Total personnel expenses	464,151	548,705	508,612	247,233	311,091	1,185,558	370,156	250,543	0	3,886,049	176,900	396,700	573,600	4,459,649
Occupancy	99,043	50,366	59,564	24,132	132	91,647	12,511	223,761		561,156	38,375	23,549	61,924	623,080
Depreciation						8,907		98,087		106,994	55,054		55,054	162,048
Repairs and maintenance								110,810		110,810			0	110,810
Supplies and food	56,184	16,025	41,959	1,364	7,997	8,288	12,742	91		144,650	33,368	881	34,249	178,899
Professional services	26,615	36,829	21,321	95,727	8,148	67,326	11,783	7,563		275,312	78,661	76,359	155,020	430,332
Insurance	4,590	5,363	3,349	1,108	15,338	4,712	2,727	13,200		50,387	31,718	1,353	33,071	83,458
Communication	13,385	8,027	7,720	1,983	4,756	15,691	5,976	9,716		67,254	7,422	2,945	10,367	77,621
Other direct client assistance		29,379	3,515	26,684	359	2,705,947	281,457	266,111		3,313,452		11,415	11,415	3,324,867
Interest expense										0	2,022		2,022	2,022
Legal and accounting		5,004						715		5,719	27,520		27,520	33,239
Client transportation	450	127	450		252	781	63,695			65,755			0	65,755
Other expenses	3,421	9,334	10,026	21,364	3,880	107,826	84,059	2,076		241,986	(143,454)	46,414	(97,040)	144,946
Staff travel	414	911	1,769	183		10,494	4,950	1,255		19,976	822	179	1,001	20,977
Annual fundraiser event-direct expenses										0		7,846	7,846	7,846
Equipment purchase and rental	4,331	14,958	15,373	4,861	12,547	39,876	24,113	15,777		131,836	6,059	9,924	15,983	147,819
Project construction	155,095		21,635							176,730				176,730
Merchant and bank fees								230		230	2,793	3,388	6,181	6,411
In-kind supplies and services	102,855	7,440	100,480		1,860	7,440	1,860			221,935	9,600	3,632	13,232	235,167
Total expenses	\$930,534	\$732,468	\$795,773	\$424,639	\$366,360	\$4,254,493	\$876,029	\$999,935	\$0	\$9,380,231	\$326,860	\$584,585	\$911,445	\$10,291,676

See Notes to Financial Statements

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING
FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY**
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	Total 2023	Total 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$585,362	\$488,801
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:		
Forgiveness of long term debt	(36,873)	(37,228)
Purchase of equipment through long term debt	0	(35,000)
Loss on disposal of property & equipment	287	0
Amortization of lease liability	22,604	0
Depreciation	185,644	162,048
	<u>757,024</u>	<u>578,621</u>
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES		
(Increase) decrease in grants receivable	(277,669)	(370,377)
(Increase) decrease in accounts and pledges receivable	26,593	(19,423)
(Increase) decrease in prepaid expenses	12,384	13,535
(Increase) decrease in deposits	0	(25,130)
Increase (decrease) in accounts payable and accrued expenses	(76,901)	(7,189)
Increase (decrease) in accrued payroll expenses	15,303	29,885
Increase (decrease) in accrued vacation	24,305	18,073
Increase (decrease) in rental security deposits	(2,792)	1,432
Increase (decrease) in contract advances	(25,406)	39,998
	<u>452,841</u>	<u>259,425</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and Equipment	0	(65,677)
	<u>0</u>	<u>(58,206)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of long term debt	0	178,726
Repayments on loans/ Line of credit	(14,564)	(12,545)
	<u>(14,564)</u>	<u>166,181</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	438,277	367,400
CASH AND CASH EQUIVALENTS, beginning of year		
	<u>1,326,808</u>	<u>959,408</u>
CASH AND CASH EQUIVALENTS, end of year		
	<u>\$1,765,085</u>	<u>\$1,326,808</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	\$2,139	\$2,022
Purchase of equipment with loan proceeds	\$0	\$35,000

See Notes to Financial Statements

CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE A - ORGANIZATION

General – Building Futures with Women and Children (the Organization) is a California nonprofit public benefit corporation established in 1986. The Organization’s legal name is Cornerstone Community Development Corporation. The Organization was previously known as San Leandro Shelter for Women and Children. The Organization’s mission is to build communities with underserved women and children where they are safely and supportively housed, free from homelessness and family violence. In 1999, the Organization established a wholly owned subsidiary, Bessie Coleman Court, Inc., a nonprofit public benefit corporation, to develop, own, and operate safe, decent, and affordable housing for women and children.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting - The Organization maintains its accounting records on the accrual basis of accounting.

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for the various programs are classified for accounting and reporting according to the activities and objectives specified by donors, grantors, officials and governing boards. Separate accounts are maintained for each program.

Estimates - In preparing the consolidated financial statements in conformity with Generally Accepted Accounting Principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements; and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents - The Organization's cash and cash equivalents balance consists of amounts held in checking and savings accounts in large financial institutions.

Prepaid expenses – Prepaid expenses are amortized over the period of future benefit.

Property and Equipment - Furniture and equipment are stated at cost. Donated equipment is recorded at its estimated fair market value. Expenditures for property and equipment are capitalized. Depreciation for property and equipment is calculated using the straight-line method over the useful life of each asset. The useful life of these assets ranges from three to fifty-nine years. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any gain or loss

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING
FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

arising from such disposition is included as revenue or expense. Expenditures for repairs and maintenance are charged to expense as incurred.

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 values 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.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumption market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

Consolidating Eliminating Entries - Eliminating entries are present to reduce inter-company receivables and payables to avoid inflation of the total assets and total liabilities on the consolidated statement of financial position.

Donated Materials and Services - Donated materials are recorded at their fair value at the date of donation. In addition, a substantial number of individuals have donated significant amounts of their time to the Organization, primarily through program activities. These services are reflected in the accompanying consolidated financial statements using a valuation of the services based on an estimate of the fair value at the time of the donation. Donated services by individuals providing administration services, and unskilled children's program and shelter services are not recorded as donated services as there are no special skills required for these services. During the year ended June 30, 2023, the Organization received over 4,590 hours of volunteer meal service for the shelter programs, and approximately 227 hours of volunteer administrative, children's program and shelter services. During the year ended June 30, 2022, the Organization received over 3,426 hours of volunteer meal service for the shelter programs, and approximately 379 hours of volunteer administrative services.

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs – Advertising costs are expensed as incurred, the costs incurred during the year ended June 30, 2023 and 2022 were \$8,168 and \$13,811, respectively.

Functional Allocation of Expenses - Costs of providing the various programs have been summarized on a functional basis in the accompanying Statement of Functional Expenses. Certain indirect costs have been allocated directly to programs and administration based upon detailed estimates prepared by management personnel and on the basis of direct hours charged to each program. Substantially all supporting services are allocated to program services based on time allocations prepared by supporting staff. These costs primarily include salaries, fringe benefits, occupancy and other expenses.

Income Taxes - The Organization is a Section 501(c)(3) organization exempt from income taxes under Section 501(a) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. There was no taxable unrelated business income during the year ended June 30, 2023.

Contributions and Grant Revenue - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in the net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All other contributions are recognized upon receipt.

The principal source of revenue for the Organization is contracts with the County of Alameda and the State of California. These contracts include federal pass-through funds, which are identified in the Schedule of Expenditures of Federal Awards.

Contributions Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation - The consolidated financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions:

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions:

Net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations – The consolidated statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organizations ongoing operations and interest and dividends earned on investments. Non-operating activities are limited to resources that generate returns from investments and other activities considered to be of a more unusual or nonrecurring nature.

New Accounting Pronouncements – In fiscal year 2022, the Organization adopted ASU 2020-07, Not-for-profit Entities (Topic 958) – *Presentation and Disclosures by Not for Profit Entities for Contributed nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure. The ASU has been applied retrospectively to all periods presented.

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING
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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During the fiscal year ended June 30, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of \$1,367,134 and lease liabilities totaling \$1,389,738 in its statement of financial position as of June 30, 2023. The adoption did not result in a significant effect on amounts reported in the consolidated statement of activities for the year ended June 30, 2023.

NOTE C – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs, liabilities and other obligations as they become due. As of June 30, 2023, the Organization has ample cash and cash equivalents to cover operating expenses. The following assets could be readily made available within one year of the statement of financial position to meet general expenditures:

Financial assets:

Cornerstone Community Development Corporation	
Cash	\$1,579,704
Grants and accounts receivable	<u>2,159,382</u>
	\$3,739,086
Bessie Coleman Court, Inc.	
Cash	\$ 185,381
Accounts receivable	124,722
Less: Security deposits payable	<u>(25,714)</u>
	<u>284,389</u>
Financial assets available within one year	<u>\$4,023,475</u>

The Organization does not have an operating reserve.

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING
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NOTE D – GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable at June 30, 2023 consisted of the following:

Cornerstone Community Development Corporation:

Funds Without Donor Restrictions

Grants receivable

Alameda County CDBG	\$ 17,446
Access Points GBV HCSA	22,331
Access Point AC DV EHV	13,758
Alameda County SSA Emergency Shelter Services	73,204
Alameda County DVCA	4,339
Alameda County DV SSO CES	12,959
Alameda County Midway Shelter Public Improvement	412
Alameda County HCSA HCS CalAIM	193,344
Alameda Point Collaborative	12,985
CalOES	31,088
CalWORKS	197,251
CalWORKS – DV Collaborative	103,299
City of Alameda	9,625
City of Oakland	188,188
City of Oakland FHC	48,923
City of San Leandro Mid County Shelters	238,700
City of San Leandro Outreach	193,360
City of San Leandro SL Shelter Consulting Services	6,250
DV Outreach & Mobile Unit	9,592
ESG State HRC	115,231
HCSA Access Point	144,313
Housing/Jobs Linkages Program	21,738
HUD BCC CoC	3,152
Midway Shelter ARPA	663
North County Oakland HUD	325,559
Oakland PATH	44,551
Satellite Affordable Housing Assoc	3,388
Warming Shelter	17,714
WHSL	<u>103,662</u>

Total – Without Donor Restrictions \$2,157,025

Accounts receivable

Miscellaneous receivables	\$ <u>2,357</u>
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Total accounts receivable	<u>\$ 2,357</u>
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**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING
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NOTE D - GRANTS AND ACCOUNTS RECEIVABLE (Continued)

Funds Without Donor Restrictions

Grants receivable	
Total – Without Donor Restrictions	<u>\$2,159,382</u>
Total grants and accounts receivable -BFWC	<u>\$2,159,382</u>

Bessie Coleman Court, Inc.:

Funds Without Donor Restrictions

Accounts receivable	
HAP rental income	\$ 3,536
APC receivable	24,949
Tenant rents	<u>92,044</u>
Total – Without Donor Restrictions	<u>\$ 124,722</u>
Total grants and accounts receivable - BCC, Inc.	<u>\$ 124,722</u>

Total grants and accounts receivable \$2,284,104

Grants and accounts receivable at June 30, 2022 consisted of the following:

Cornerstone Community Development Corporation:

Funds Without Donor Restrictions

Grants receivable	
Alameda County CDBG	\$ 11,283
Alameda County CESH	22,130
Alameda County SSA Emergency Shelter Services	73,204
Alameda County DVCA	2,170
Alameda County DV SSO CES	9,741
Alameda County FVLC SSA DV	445
Alameda County HSCA DV EHV Coordination	303
Alameda County Midway Shelter Public Improvement	29,753
Alameda County HCSA HCS CalAIM	167,778
Alameda Point Collaborative	9,309
CalOES	40,474
CalWORKS	136,132
CalWORKS – DV Collaborative	113,902
City of Alameda	7,544
City of Oakland	303,116
City of San Leandro Immediate Impact	12,500
City of San Leandro SL Shelter Consulting Services	6,250

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NOTE D - GRANTS AND ACCOUNTS RECEIVABLE (Continued)

ESG State HRC	355,033
FEMA	39,687
HCSA Access Point	128,277
Housing/Jobs Linkages Program	13,296
HUD BCC CoC	3,062
North County Oakland HUD	251,183
Oakland PATH	13,113
Satellite Affordable Housing Assoc	10,122
Warming Shelter	9,278
WHSL	<u>110,271</u>
Total – Without Donor Restrictions	<u>1,879,356</u>
Total grants and accounts receivable -BFWC	<u>\$1,879,356</u>

Bessie Coleman Court, Inc.:

Funds Without Donor Restrictions

Accounts receivable	
HAP rental income	\$ 12,101
APC receivable	83,821
Tenant rents	<u>57,750</u>
Total – Without Donor Restrictions	<u>153,672</u>
Total grants and accounts receivable - BCC, Inc.	<u>\$ 153,672</u>
Total grants and accounts receivable	<u>\$2,033,028</u>

The Organization anticipates that all the grants and accounts receivable will be collected.

Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable.

NOTE E - PROPERTY AND EQUIPMENT

Property and Equipment as of June 30, 2023, consisted of the following:

	<u>CCDC</u>	<u>BCC, Inc.</u>	<u>Total</u>
Building	\$ 224,069	\$ 0	\$ 224,069
Land	86,400	0	86,400
Building improvements	786,267	0	786,267

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NOTE E - PROPERTY AND EQUIPMENT (Continued)

	<u>CCDC</u>	<u>BCC, Inc.</u>	<u>Total</u>
Furniture and equipment	\$ 156,762	\$ 43,417	\$ 200,467
Site Acquisition		2,298,240	2,298,240
Leasehold improvements	<u>766,131</u>	<u>2,692,575</u>	<u>3,465,437</u>
	2,019,629	5,034,232	7,053,861
Less: Accumulated Depreciation	<u>972,928</u>	<u>1,943,288</u>	<u>2,916,216</u>
	<u>\$1,046,701</u>	<u>\$3,090,944</u>	<u>\$4,137,645</u>

Property and Equipment as of June 30, 2022, consisted of the following:

	<u>CCDC</u>	<u>BCC, Inc.</u>	<u>Total</u>
Building	\$ 224,069	\$ 0	\$ 224,069
Land	86,400	0	86,400
Building improvements	786,267	0	779,536
Furniture and equipment	157,050	43,417	200,467
Site Acquisition		2,298,240	2,298,240
Leasehold improvements	<u>766,131</u>	<u>2,692,575</u>	<u>3,465,437</u>
	2,019,917	5,034,232	7,054,149
Less: Accumulated Depreciation	<u>885,372</u>	<u>1,845,201</u>	<u>2,730,573</u>
	<u>\$1,134,545</u>	<u>\$3,189,031</u>	<u>\$4,323,576</u>

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$185,644 and \$162,048, respectively.

The site acquisition cost represents the fair market value of a 59 year lease which was donated by the Naval Air Station and City of Alameda.

NOTE F – LINE OF CREDIT

The Organization obtained a line of credit with Bank of the West with a maximum borrowing limit of \$300,000. At June 30, 2023 and June 30, 2022, the interest rate on the line was 4.6%. The outstanding balance at June 30, 2023 and 2022 was \$0. This is an unsecured line of credit.

NOTE G – LONG TERM DEBT

The long term debt of the organization consisted of the following loans at June 30, 2023 and 2022. The loans below have been categorized as payable and forgivable based on the terms of each loan.

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING
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NOTE G – LONG TERM DEBT (Continued)

Cornerstone Community Development Corporation:

Cornerstone Community Development Corporation 's long term debt at June 30, 2023 and 2022 consisted of five Federal CDBG loans for the predevelopment, purchase, and improvement costs associated with the purchase of a safe house.

Forgivable Loans:

A loan from the City of San Leandro, in the amount of \$180,000, was received during June 1999. This loan consists of \$27,862 used towards predevelopment costs and \$152,138, used toward the safe house purchase price. The purchase of the safe house occurred during July 1999, at which time the \$152,138 was transferred to the purchase escrow account. The term of the loan is 30 years with deferred payment of principal and interest. Simple interest at the rate of 2% per annum is due on July 1, 2029. The loan (principal and interest) will be forgiven on July 1, 2029 if the Organization uses the house purchased, as a safe house, for the full term of the loan. The loan will be due if and when the safe house is sold prior to the expiration of the 30 year loan period. On July 18, 2007, the loan was amended to include retroactive forgiveness of the principal and interest on an annual basis, each June 30. 1/30th of the loan will be forgiven each year. As of July 18, 2007, eight years' of principal, totaling \$48,000 and all the accrued interest, were forgiven. The loan balance as of June 30, 2023 and 2022 was \$40,500 and \$46,000, respectively.

A loan from the City of San Leandro, in the amount of \$50,000, was received on July 1, 2008, which was increased to \$100,000 on September 25, 2012. This loan is for capital improvements to be made on the safe house. The term of the loan is 20 years from the date the loan is fully funded (July 1, 2013), with deferred payment of principal and interest. Simple interest at the rate of 3% per annum is due on the loan. The loan (principal and interest) will be forgiven on an annual basis at a rate of 1/20 of the principal and interest, beginning on the anniversary of the Forgiveness Commencement Date (July 1, 2013). The loan will be due if and when the safe house is sold prior to the expiration of the 20 year loan period. The balance of the loan at June 30, 2023 and 2022 was \$55,000 and \$60,000, respectively.

A loan, in the amount of \$305,160, was obtained from the County of Alameda on June 6, 2013, for the rehabilitation of the safe house and the refinance of two loans above in the amounts of \$55,660 and 149,500 originally obtained for the purchase of the safe house. The term of the loan is 44 and one half years with deferred payment of principal and interest. The loan will accrue simple interest at 3% per annum beginning on July 1, 2013 and is secured by a Deed of Trust from the Organization. The note will mature on December 31, 2058 or upon the sale, transfer, conveyance, assignment, encumbrance, change of use, or refinance of the property in violation of the Regulatory Agreement or Deed of Trust. If the property is used for its stated purpose for the life of

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NOTE G – LONG TERM DEBT (Continued)

the loan, the loan will be forgiven at its maturity. The loan balance as of both, June 30, 2023 and 2022, was \$305,160.

A loan from the City of San Leandro, in the amount of \$143,725, was approved on August 1, 2020. This loan is for capital improvements to be made on the San Leandro Shelter, located at 501 Davis St. The term of the loan is 10 years from the date the loan is fully funded (Effective Date), with deferred payment of principal and interest. Simple interest at the rate of 3% per annum is due on the loan. The loan (principal and interest) will be forgiven on an annual basis at a rate of 1/10 of the principal and interest, beginning on the anniversary of the Effective Date. The loan will be due if and when the property is no longer used as a shelter prior to the expiration of the 10 year loan period. The balance of the loan at June 30, 2023 and 2022 was \$114,980 and \$129,353, respectively.

The Organization obtained a loan in the amount of \$23,844 as part of the purchase of a vehicle on April 2, 2021. The loan term is 36 months with the maturity date of April 2, 2024. Monthly payments of \$716 are due on the second day of each month. The interest rate is 5.05% per annum, compounded daily. The loan balance as of June 30, 2023 and 2022 was \$5,506 and \$13,609, respectively

The Organization obtained a loan in the amount of \$35,000 as part of the purchase of a vehicle on February 7, 2022. The loan term is 60 months with the maturity date of April 27, 2027. Monthly payments of \$662.51 are due on the twenty-ninth day of each month. The interest rate is 5.05% per annum, compounded daily. The loan balance as of June 30, 2023 and 2022 was \$27,506 and \$33,967, respectively

Bessie Coleman Court, Inc.:

Bessie Coleman Court, Inc.'s long term debt, at June 30, 2023, consisted of four loans for the predevelopment, purchase, and improvement costs associated with the redevelopment of supportive housing units located on the Alameda Naval Air Station, now known as Alameda Point.

Payable Loans:

The first loan is from Alameda County, in the amount of \$700,000. The loan funds are made up of \$400,000 HUD SHP funding, \$156,000 Alameda County Housing Trust Fund and \$144,000 of Urban County HOME funds. The terms of the loan are 0% interest with the first payment deferred until December 30, 2010. Beginning January 1, 2011, repayment will be the lesser of \$14,285 or 100% of the residual cash flow from the rental project annually.

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NOTE G – LONG TERM DEBT (Continued)

	<u>2023</u>	<u>2022</u>
Total due at June 30,	<u>\$700,000</u>	<u>\$700,000</u>
Long term debt	<u>\$700,000</u>	<u>\$700,000</u>

Forgivable Loans:

A loan dated February 19, 2014, is in the amount of \$120,000 from the City of Alameda, CDBG loan for rehabilitation work on the property known as Bessie Coleman Court. The terms of the loan are 0% interest with no payments. This loan will be forgiven in ten equal annual installments, beginning on January 1, 2015, with the final forgiveness on January 1, 2024. The note will be due and payable upon the sale, transfer, conveyance, and assignment encumbrance or change of use of the property. As of June 30, 2023, \$123,552 of the loan was utilized and funded.

	<u>2023</u>	<u>2022</u>
Total due at June 30,	<u>\$11,645</u>	<u>\$23,645</u>
Long term debt	<u>\$11,645</u>	<u>\$23,645</u>

Aggregate maturities on long-term debt for each of the next five years and subsequent periods are as follows:

Year Ended June 30,	<u>CCDC</u>	<u>BCC, Inc.</u>	<u>Total</u>
2024	\$ 22,717	\$ 11,645	\$ 34,362
2025	17,558	0	17,558
2026	17,923	0	17,923
2027	16,814	0	16,821
2028	10,500	0	10,500
Subsequent	<u>463,140</u>	<u>700,000</u>	<u>1,163,140</u>
	<u>\$548,652</u>	<u>\$711,645</u>	<u>\$1,260,304</u>

The Organization deems the default of any of the above notes due to unallowed operations remote since the use of the safe house and Bessie Coleman Court property facilitates the mission of the Organization.

NOTE H – LEASES

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the

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NOTE H – LEASES (Continued)

Organization’s obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use its incremental borrowing rate to discount future lease payments. The discount rate applied to calculate lease liabilities as of June 30, 2023, was 5.05%.

The Organization’s operating leases consist of a real estate lease for office space located in Alameda County and equipment leases. The lease term does not include any extensions.

For the year ended June 30, 2023, total operating lease cost was \$335,016, and total short-term lease cost was approximately \$345,506. As of June 30, 2023, the remaining lease terms for the Organization’s various operating leases, including options to extend the leases, were approximately 1.5 to 6.5 years.

Cash paid for operating leases for the year ended June 30, 2023 was \$335,016. There were no noncash investing and financing transactions related to leasing

Future maturities of lease liabilities are as follows

<u>June 30,</u>	<u>Amount</u>
2024	\$ 346,161
2025	338,812
2026	301,326
2027	312,777
2028	147,365
2029	151,766
2030	<u>77,396</u>
Total lease payments	1,675,624
Less: present value discount	<u>302,734</u>
Total lease obligations	<u><u>\$1,372,890</u></u>

The Organization leases a copier under an operating lease agreement that expires on August 31, 2022. The monthly base rent is \$477. Rent expense for the years ended June 30, 2023 and 2022 was \$5,736 and \$5,921, respectively. This lease has not yet been renewed and is being paid on a month to month basis.

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NOTE I - COMMITMENTS AND CONTINGENCIES

On March 18, 2020 the Organization entered into a lease, with a term of 4 years and 9 months, with Terreno Realty Corporation for the lease of office space at 2800 Merced St., San Leandro, CA. The lease ends on December 31, 2024. There is a lease renewal option for 5 additional years. Base rent is \$9,886.25 per month, with annual increases of 3%. The lease also provides for the Organization to pay a share of the building's operating expenses.

The Organization conducts its operation in San Leandro on premises leased from St. Leander's Catholic Church at \$3,500 per month. Beginning in year 2 of the lease the lease cost will increase 3% each year. The current lease expires on February 28, 2025.

The Organization entered into a lease on March 23, 2022, with a term of 5 years and 2 months commencing on May 1, 2022, for office space located at Hegenberger Rd. Suite 200, Oakland, CA. The lease ends on June 30, 2027. The space will be used for administration and client support services. Base rent is \$12,565 per month, with annual increases of 3%. The lease also provides for the Organization to pay a share of the building's operating expenses.

The Organization leases the Midway shelter site, at \$0.

The Organization leases two copy machines for \$198 per month through May 18, 2026.

The Organization leases one copy machines for \$161 per month through May 8, 2025.

The Organization leases two copy machines for \$772 per month through June 1, 2025.

The Organization entered into an operating agreement with Alameda Homeless Network to operate the Midway shelter on October 1, 2000. As part of the agreement, Alameda Homeless Network will grant the Organization \$50,000 or 18% of the operating costs, whichever is greater, per year, to be used for the operation of the program. The agreement was amended to increase the Alameda Homeless Network grant to \$80,000 beginning with the year ended June 30, 2010.

Bessie Coleman Court, Inc. entered into a 59 year lease, on April 23, 1999, for sublease of the buildings 531, 532, and 533 along with the adjacent open space and parking area, now known as Bessie Coleman Court, at Alameda Point. The lease was donated and no future annual cost is to be incurred by Bessie Coleman Court, Inc.

The Organization rents the remainder of its program space on a month to month basis, renewable annually. Rent expenses for the years ended June 30, 2023 and 2022 amounted to \$335,016 and \$187,795, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE I - COMMITMENTS AND CONTINGENCIES (Continued)

The following is a schedule, by year, of future minimum rentals under the leases at June 30, 2023:

<u>Year</u>	<u>Amount</u>
2024	\$346,161
2025	270,715
2026	162,420
2027	169,704

Grant awards require the fulfillment of certain conditions as set forth in the instruments 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 grant. Management is of the opinion that the organization has complied with the terms of all grants.

The Organization receives a substantial amount of its support from the State of California, Alameda County, City of Oakland, City of San Leandro and the City of Alameda. The Organization's programs and activities are dependent upon the availability of these funds. A significant reduction in the level of government support may impact the ability of the Organization to remain a going concern. The amount that would be considered a significant reduction in funding from government agencies cannot be determined as of the consolidated financial statement date.

NOTE J – NET ASSETS

At June 30, the Organization's net assets with donor restrictions consisted of the following grants:

	<u>2023</u>	<u>2022</u>
<i>Cornerstone Community Development Corporation</i>		
IHN Program	\$ 184,868	\$0
Kaiser Foundation	<u>25,000</u>	<u>0</u>
Total Net Assets with Donor Restrictions	<u>\$ 209,868</u>	<u>\$0</u>
<i>BCC, Inc.</i>		
Net Property and Equipment	<u>\$2,313,622</u>	<u>\$2,399,709</u>
Total Net Assets with Donor Restrictions	<u>\$2,313,622</u>	<u>\$2,399,709</u>

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING
FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE J – NET ASSETS (Continued)

Net Assets released from restrictions during the year ended June 30, consisted of the following:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restriction:		
<i>Cornerstone Community Development Corporation</i>		
IHN Program	\$34,332	\$21,991
Total net assets released from donor restrictions	<u>\$34,332</u>	<u>\$21,991</u>
Satisfaction of purpose restriction:		
<i>BCC, Inc.</i>		
Net Property and Equipment	\$86,087	\$85,732
Total net assets released from donor restrictions	<u>\$86,087</u>	<u>\$85,732</u>

NOTE J – IN-KIND DONATIONS

Donated meals, food and other goods and services for the years ended June 30, 2023 and 2022, included in the financial statements were as follows:

	<u>2023</u>	<u>2022</u>
Food	\$144,287	\$141,246
Meal preparation volunteer hours	37,296	43,488
Children’s program & warming shelter volunteer hours	0	0
Development volunteer hours	12,600	3,632
Donated goods for program and clients	<u>38,092</u>	<u>46,801</u>
	<u>\$232,275</u>	<u>\$235,167</u>

NOTE K – SUBSEQUENT EVENTS

These consolidated financial statements were approved by the management of the Organization and available for issuance on January 7, 2024. The Organization has evaluated subsequent events through January 7, 2024.

ADDITIONAL INFORMATION

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES WITH
WOMEN AND CHILDREN, AND SUBSIDIARY**
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE COUNTY AND CITY AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor Pass-through Grantor/State Pass-through Grantor/County Program Title	Federal Assistance Listing Number	Pass-through Grantor's Contract Number	Contract Period	Award Amount	Amount Expended
FEDERAL AWARDS:					
Department of Housing and Urban Development					
Passed through State of California					
Emergency Solutions Grant Program					
Rapid Re-Housing and Emergency Shelter Services	14.231	C-23985	7/1/22-6/30/23	\$384,315	\$324,942
Passed through City of Oakland					
Transitional housing & support services for North County PATH					
	14.231	88160, 89247	7/1/22-6/30/23	230,100	173,901
Subtotal	14.231			<u>614,415</u>	<u>498,843</u>
Passed through Alameda Point Collaborative					
Supportive Housing Program					
Admin	14.235	Not Available	7/1/22-6/30/23	85,000	85,000
			7/1/22-6/30/23	54,000	36,167
Subtotal	14.235			<u>139,000</u>	<u>121,167</u>
Bessie Coleman Court, Inc.					
Permanent Supportive Housing Program					
Permanent Supportive Housing Program	14.267	CA1467L9T022005	10/1/21-9/30/22	277,126	64,425
	14.267	CA1467L9T022106	10/1/22-9/30/23	267,166	196,022
HUD CoC - DV SSO CES					
HUD CoC - DV SSO CES	14.267	CA1738D9T022002	1/1/22-12/31/22	160,137	62,158
	14.267	CA1738D9T022103	1/1/23-12/31/23	160,137	66,190
Passed through Satellite Affordable Housing Agency					
Redwood Hills - CoC					
	14.267	Not Available	7/1/22-6/30/23	61,626	\$39,576
Passed through Alameda County					
Housing and Community Development Program					
Supportive Housing Program - Linkages					
Supportive Housing Program - Linkages	14.267	23566	3/1/22-2/28/23	56,808	43,482
Supportive Housing Program - Linkages	14.267	25502	3/1/23-2/28/24	56,808	21,738
Passed through Alameda County					
Tenant-based rental assist & supportive services					
Tenant-based rental assist & supportive services	14.267	C-21811	12/1/21-11/30/22	715,234	267,555
Tenant-based rental assist & supportive services	14.267	C-23719	12/1/22-11/30/23	722,928	364,704
Passed through City of Oakland					
Community Development Block Grant					
Community Development Block Grant	14.267	88558	11/1/21-10/31/22	840,283	297,859
Community Development Block Grant	14.267	89198	11/1/22-10/31/23	814,847	553,412
Subtotal	14.267			4,133,100	1,977,121
Passed through City of San Leandro					
Community Development Block Grant					
Emergency Homeless Shelter -San Leandro	14.218	59834	7/1/22-6/30/23	\$25,000	\$25,000
Passed through City of Alameda					
Community Development Block Grant					
Emergency Homeless Shelter - Midway	14.218	Not Available	7/1/22-6/30/23	86,393	86,393
Total CDBG Entitlement Grants Cluster	14.218			<u>111,393</u>	<u>111,393</u>

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES WITH
WOMEN AND CHILDREN, AND SUBSIDIARY**
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE COUNTY AND CITY AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor Pass-through Grantor/State Pass-through Grantor/County Program Title	Federal Assistance Listing Number	Pass-through Grantor's Contract Number	Contract Period	Award Amount	Amount Expended
Department of Homeland Security					
Passed through United Way of America Emergency Food and Shelter Program	97.024	ARPA-R	11/1/21-12/31/2023	115,000	57,482
Department of Justice					
Passed Through State of California California Office of Emergency Services Domestic Violence Assistance Program-FVPA	16.575	DV20-20-1770	10/1/20-9/30/22	65,000	20,786
Domestic Violence Assistance Program-VOCA	16.575	DV20-20-1770	10/1/20-9/30/22	618,420	47,784
Domestic Violence Assistance Program-FVPS	16.575	DV22-22-1770	10/1/22-9/30/23	79,898	78,546
Domestic Violence Assistance Program-VOCA	16.575	DV22-22-1770	10/1/22-9/30/23	255,709	243,010
				<u>335,607</u>	<u>321,556</u>
Total Federal Awards				<u>\$6,131,935</u>	<u>\$3,156,133</u>
STATE AWARDS:					
Passed through Family Violence Law Center Passed through Alameda County Workforce and Resource Development CalWORKS Domestic Violence Services	N/A	22559	7/1/22-6/30/23	\$463,274	280,833
California Office of Emergency Services Domestic Violence Assistance Program-DVPO	N/A	DV20-20-1770	10/1/20-9/30/22	364,473	60,361
Domestic Violence Assistance Program-VCGF	N/A	DV20-20-1770	10/1/20-9/30/22	88,357	55,285
Domestic Violence Assistance Program-DVPO	N/A	DV22-22-1770	10/1/22-9/30/23	201,981	103,986
Total State Awards				<u>\$1,118,085</u>	<u>\$500,465</u>
COUNTY AWARDS:					
Social Services Agency CalWORKS Housing Support Program Rapid Rehousing Program	N/A	22362	07/1/21-06/30/24	\$4,978,162	\$1,769,356
Social Services Agency Shelter Services Emergency Shelters Programs	N/A	21968	7/01/22-6/30/23	890,651	890,651
Social Services Agency Emergency Warming Shelter	N/A	24677	11/1/22-5/31/23	100,000	100,000
Passed through Alameda County Special Welfare Programs Domestic Violence Center Act, Shelter Services	N/A	20917	1/1/21-6/20/23	65,088	26,036
Health Care Services Agency Cal-AIM	N/A	23085	1/1/22-12/31/22	1,886,250	476,640
Cal-AIM	N/A	24731	1/1/23-12/31/23	1,320,000	483,421
Cal-AIM- Staffing Capacity Building	N/A	24732	1/1/23-06/30/2024	150,000	55,000
Health Care Services Agency DV EHV Coordination	N/A	22376	10/1/21-12/31/22	200,000	93,699
Health Care Services Agency Gender Base Violence Access Point		22376	01/01/23-12/31/23	242,000	61,604
Health Care Services Agency Access Point CES	N/A	22376	1/1/21-12/31/23	2,139,399	806,908
Total County Awards				<u>\$11,971,550</u>	<u>\$4,763,315</u>

See Notes to Additional Information

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES WITH
WOMEN AND CHILDREN, AND SUBSIDIARY**
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE COUNTY AND CITY AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor Pass-through Grantor/State Pass-through Grantor/County Program Title	Federal Assistance Listing Number	Pass-through Grantor's Contract Number	Contract Period	Award Amount	Amount Expended
CITY AWARDS:					
City of San Leandro					
Mobile Street Outreach	N/A	60182	7/1/21-6/30/24	596,965	301,656
Mid-County Shelters-Operating Subsidies	N/A	60182	11/1/22-06/30/23	238,700	238,700
Passed through Family Violence Law Center DV Mobile Outreach	N/A	59096	7/1/22-12/31/23	\$73,624	\$22,452
City of Alameda					
Case Management	N/A	Unknown	7/1/22-6/30/23	25,000	25,000
Warming Shelter	N/A	Not Available	11/15/22-5/31/23	113,000	121,642
Midway Shelter Public Improvement	N/A	Unknown	7/1/22-6/30/23	286,200	235,893
Midway Shelter Public Improvement		Unknown	11/10/22-12/31/24	1,800,000	425,034
City of Oakland					
OPRI	N/A	89336	7/1/22-6/30/23	1,380,735	1,332,060
Cal-ICH		89391	11/1/22-06/30/24	<u>1,015,370</u>	98,987
Total City Awards				<u>\$5,529,594</u>	<u>\$2,801,423</u>

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES WITH
WOMEN AND CHILDREN, AND SUBSIDIARY**
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

			Bessie Coleman Court, Inc.		Consolidated Eliminating Entries	Total 2023
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$1,234,447	\$345,257	\$159,667	\$25,714	\$	\$1,765,085
Grants receivable (Note D)	2,157,025					2,157,025
Accounts receivable (Note D)	2,357		124,722			127,079
Due to/from other funds			0			
Prepaid expenses	4,071					4,071
TOTAL CURRENT ASSETS	3,397,900	345,257	284,389	25,714	0	4,053,260
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization at June 30, 2023 of \$2,916,216 (Note E)	1,046,701		65,677	3,025,267		4,137,645
RIGHT OF USE ASSETS (Note H)	1,367,134					1,367,134
DEPOSITS	47,384					47,384
TOTAL ASSETS	\$5,859,119	\$345,257	\$350,066	\$3,050,981	\$0	\$9,605,423
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$81,441	\$	\$18,875	\$	\$	\$100,316
Accrued payroll expenses	179,028					179,028
Accrued vacation	195,698					195,698
Rental security deposits				25,714		25,714
Contract Advances		135,389				135,389
Current portion of long term debt (Note G)	22,717			11,645		34,362
TOTAL CURRENT LIABILITIES	478,884	135,389	18,875	37,359	0	670,507
LONG TERM DEBT (Note G)	525,935			700,000		1,225,935
LEASE LIABILITY (Note H)	1,389,738					1,389,738
COMMITMENTS AND CONTINGENCIES (Note I)						
NET ASSETS (DEFICIT) (Note J)	3,464,562	209,868	331,191	2,313,622		6,319,243
TOTAL LIABILITIES AND NET ASSETS	\$5,859,119	\$345,257	\$350,066	\$3,050,981	\$0	\$9,605,423

See Notes to Additional Information

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES WITH
WOMEN AND CHILDREN, AND SUBSIDIARY**
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Bessie Coleman Court, Inc.		Consolidated Eliminating Entries	Total 2022
			Without Donor Restrictions	With Donor Restrictions		
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$936,575	\$160,795	\$200,932	\$28,506	\$	\$1,326,808
Grants receivable (Note D)	1,879,356					1,879,356
Accounts receivable (Note D)			153,672			153,672
Prepaid expenses	16,455					16,455
TOTAL CURRENT ASSETS	2,832,386	160,795	354,604	28,506	0	3,376,291
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization at June 30, 2022 of \$2,730,573. (Note E)	1,134,545		65,677	3,123,354		4,323,576
DEPOSITS	47,384					47,384
TOTAL ASSETS	\$4,014,315	\$160,795	\$420,281	\$3,151,860	\$0	\$7,747,251
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$132,522	\$	\$44,695	\$		\$177,217
Accrued payroll expenses	163,725					163,725
Accrued vacations	171,393					171,393
Rental security deposits				28,506		28,506
Contract Advances		160,795				160,795
Current portion of long term debt (Note G)	24,939			12,355		37,294
TOTAL CURRENT LIABILITIES	492,579	160,795	44,695	40,861	0	738,930
LONG TERM DEBT (Note G)	563,150			711,290		1,274,440
COMMITMENTS AND CONTINGENCIES (Note I)						
NET ASSETS (DEFICIT) (Note J)	2,958,586	0	375,586	2,399,709		5,733,881
TOTAL LIABILITIES AND NET ASSETS	\$4,014,315	\$160,795	\$420,281	\$3,151,860	\$0	\$7,747,251

See Notes to Additional Information

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES
WITH WOMEN AND CHILDREN, AND SUBSIDIARY
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

			Bessie Coleman Court, Inc.		Consolidated Eliminating Entries	Total 2023
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
SUPPORT AND REVENUE						
Support:						
Foundations and community organizations	\$695,725	\$25,000	\$	\$	\$	\$720,725
Donations	179,932					179,932
In-kind donations (Note B and Note J)	232,275					232,275
Total Support	1,107,932	25,000	0	0	0	1,132,932
Revenue:						
Government	11,000,523		615,038			11,615,561
Rental income			404,111			404,111
Other revenue	201,043	219,200	3,228		(56,160)	367,311
Fundraising	69,632					69,632
Forgiveness of debt	24,873		12,000			36,873
Total Revenue	11,296,071	219,200	1,034,377	0	(56,160)	12,493,488
Net Assets Released From Restrictions	34,332	(34,332)	86,087	(86,087)		0
TOTAL SUPPORT AND REVENUE	12,438,335	209,868	1,120,464	(86,087)	(56,160)	13,626,420
EXPENSES						
Program						
San Leandro Shelter	730,181					730,181
Sister Me Home Safe house	853,741					853,741
Midway Shelter	1,314,802					1,314,802
Domestic Violence Outreach	617,558					617,558
Bessie Coleman Court Program	391,504					391,504
Housing Services	5,927,740					5,927,740
Other Program Services	1,048,715					1,048,715
Bessie Coleman Court, Inc.			1,164,859		(56,160)	1,108,699
Total program expenses	10,884,241		1,164,859		(56,160)	11,992,940
Support						
Administration	487,163					487,163
Fundraising	560,955					560,955
Total support expenses	1,048,118		0		0	1,048,118
TOTAL EXPENSES	11,932,359	0	1,164,859	0	(56,160)	13,041,058
CHANGE IN NET ASSETS	505,976	209,868	(44,395)	(86,087)	0	585,362
NET ASSETS, beginning of year	2,958,586	0	375,586	2,399,709	0	5,733,881
NET ASSETS, end of year	<u>\$3,464,562</u>	<u>\$209,868</u>	<u>\$331,191</u>	<u>\$2,313,622</u>	<u>\$0</u>	<u>\$6,319,243</u>

See Notes to Additional Information

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES
WITH WOMEN AND CHILDREN, AND SUBSIDIARY**
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Bessie Coleman Court, Inc.		Consolidated Eliminating Entries	Total 2022
			Without Donor Restrictions	With Donor Restrictions		
SUPPORT AND REVENUE						
Support:						
Foundations and community organizations	\$762,372	\$	\$	\$	\$	\$762,372
Donations	340,464					340,464
In-kind donations (Note B and Note J)	235,167					235,167
Total Support	1,338,003	0	0	0	0	1,338,003
Revenue:						
Government	8,263,766		607,862			8,871,628
Rental income			416,373			416,373
Other revenue	61,382	21,991	29,577		(56,160)	56,790
Fundraising	60,455					60,455
Forgiveness of debt	24,873		12,355			37,228
Total Revenue	8,410,476	21,991	1,066,167	0	(56,160)	9,442,474
Net Assets Released From Restrictions	21,991	(21,991)	85,732	(85,732)		0
TOTAL SUPPORT AND REVENUE	9,770,470	0	1,151,899	(85,732)	(56,160)	10,780,477
EXPENSES						
Program						
San Leandro Shelter	930,534					930,534
Sister Me Home Safe house	732,468					732,468
Midway Shelter	795,773					795,773
Domestic Violence Outreach	424,639					424,639
Bessie Coleman Court Program	366,360					366,360
Housing Services	4,254,493					4,254,493
Other Program Services	876,029					876,029
Bessie Coleman Court, Inc.			1,056,095		(56,160)	999,935
Total program expenses	8,380,296		1,056,095		(56,160)	9,380,231
Support						
Administration	326,860		0			326,860
Fundraising	584,585					584,585
Total support expenses	911,445		0		0	911,445
TOTAL EXPENSES	9,291,741	0	1,056,095	0	(56,160)	10,291,676
CHANGE IN NET ASSETS	478,729	0	95,804	(85,732)	0	488,801
NET ASSETS, beginning of year	2,479,857	0	279,782	2,485,441	0	5,245,080
NET ASSETS, end of year	<u>\$2,958,586</u>	<u>\$0</u>	<u>\$375,586</u>	<u>\$2,399,709</u>	<u>\$0</u>	<u>\$5,733,881</u>

CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO ADDITIONAL INFORMATION
YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

NOTE B – FEDERAL EXPENDITURES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The amount of federal expenditures represents the amount of federal funds expended during the fiscal year ended June 30, 2023. A threshold of \$750,000 was used to distinguish between Type A and Type B programs as those terms are defined in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements*. The Organization’s major federal award programs were:

Continuum of Care Grant Program CFDA #14.267

The Organization has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – FEDERAL LOAN BALANCES

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule. The loans disclosed on the accompanying schedule of expenditures of federal awards, that were expended in prior years, are subject to providing housing services to the community until the loan expiration dates.

The balance of the loans outstanding at June 30, 2023 consists of:

<u>Assistance Listing Number</u>	<u>Program Name</u>	<u>Original Loan Balance</u>	<u>Outstanding Balance 6/30/22</u>
14.218	Capital Improvement Loan	\$143,725	\$143,725
14.228	Supportive Housing Loan	400,000	400,000
14.228	Community Dev Block Grant	120,000	120,000

ADDITIONAL REPORTS



Patricia A. Wintroath, CPA

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Consolidated Financial Statements
Performed in accordance with *Government Auditing Standards*

Board of Directors
Cornerstone Community Development Corporation
dba Building Futures with Women
and Children, and Subsidiary
San Leandro, California 94577

I 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 Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated January 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary'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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association'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 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.

My consideration of 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 my audit I did not identify any deficiencies in internal control that I

consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's financial statements are free of material misstatement, I 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Patricia A. Wintroath, CPA

Patricia A. Wintroath, CPA
Walnut Creek, CA

January 7, 2024



Patricia A. Wintroath, CPA

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control
over Compliance Required by the Uniform Guidance

Board of Directors
Cornerstone Community Development Corporation
dba Building Futures with Women
and Children, and Subsidiary
San Leandro, California 94577

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's major federal programs for the year ended June 30, 2023. Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibility under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's compliance based on my audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of

expressing an opinion on the effectiveness of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

My consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Patricia A. Wintroath, CPA

Patricia A. Wintroath, CPA
Walnut Creek, CA
January 7, 2024

CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary
2. No significant deficiencies relating to the audit of the consolidated financial statements are reported in the *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements*.
5. The Auditor's report on compliance for major federal award programs for Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations 200.516(a) are reported in this Schedule. (No findings were noted.)
7. The programs tested as major programs include: Department of Housing and Urban Development, Continuum of Care Grant Program, CFDA No. 14.267;
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary qualified as a low risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

**CORNERSTONE COMMUNITY DEVELOPMENT CORPORATION DBA BUILDING
FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

There were no prior year audit findings.