

**K TO COLLEGE
DBA SUPPLYBANK.ORG
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

This Page Left Intentionally Blank

K TO COLLEGE DBA SUPPLYBANK.ORG
Financial Statements
For the Year Ended June 30, 2019

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	i
Board of Directors	ii
FINANCIAL SECTION	
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	7

K TO COLLEGE DBA SUPPLYBANK.ORG

BOARD OF DIRECTORS

JUNE 30, 2019

Steve Larson, Chief Executive Officer Co-Chair

Tim Sbranti, Co-Chair

Mary Ellyn Gormley, Secretary

Maritessa Bravo Ares, Chief Financial officer

Mike Spanton, Audit Chair

Richard G Stephenson

Lorena Hernandez

Sean Carr

Yvette Radford

Patrick Johnson

Dean Vogel

Ted Lempert

Mark Friedman

Melissa Schoonmacher

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
K to College DBA SupplyBank.org
Oakland, California

We have audited the accompanying financial statements of K to College DBA SupplyBank.org, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of K to College DBA SupplyBank.org as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'Maze & Associates'.

Pleasant Hill, California
June 3, 2020

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W mazeassociates.com

K TO COLLEGE
DBA SUPPLYBANK.ORG
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019

ASSETS

Current Assets:

Cash and cash equivalents (Note 3)	\$2,242,425
Accounts receivable	328,771
Inventory (Note 4)	71,017
Prepaid expenses	<u>78,781</u>
Total Current Assets	<u>2,720,994</u>

Non-Current Assets:

Property and equipment, net	<u>19,167</u>
TOTAL ASSETS	<u><u>\$2,740,161</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable (Note 5)	\$75,303
Payroll liabilities	671
Vacation payable	86,484
Line of credit (Note 6)	<u>249,332</u>
Total Liabilities	<u>411,790</u>

Net Assets (Note 2A)

Without donor restrictions	246,672
With donor restrictions (Note 7)	<u>2,081,699</u>
Total Net Assets	<u>2,328,371</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$2,740,161</u></u>
----------------------------------	---------------------------

See accompanying notes to financial statements

K TO COLLEGE
DBA SUPPLYBANK.ORG
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restriction	Totals
SUPPORT AND REVENUE			
Contributions and grants (Note 2B)	\$1,449,270	\$656,965	\$2,106,235
Government grants and contracts		629,391	629,391
In-kind contributions (Note 8)	806,605		806,605
Interest	354	14,035	14,389
Other income	264		264
Total Support and Revenue	2,256,493	1,300,391	3,556,884
Net assets released from restrictions:			
Satisfaction of usage requirements (Note 7)	286,882	(286,882)	
EXPENSES			
Program: Cost of Goods Distributed	2,067,106		2,067,106
Support services:			
Management and general	655,428		655,428
Fundraising	5,481		5,481
Total Expenses	2,728,015		2,728,015
Change in Net Assets	(184,640)	1,013,509	828,869
Net Assets at Beginning of Year	431,312	1,068,190	1,499,502
Net Assets at End of Year	\$246,672	\$2,081,699	\$2,328,371

See accompanying notes to financial statements

K TO COLLEGE
DBA SUPPLYBANK.ORG
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
FUNCTIONAL EXPENSES				
Cost of Materials, 3PL, Shipping	\$942,395			\$942,395
In-kind expense (Note 8)	806,605			806,605
Distribution Center		\$275,147		275,147
Contract services		38,020	\$5,481	43,501
Facilities and equipment		17,267		17,267
Payroll	288,625	245,866		534,491
Insurance		8,018		8,018
Information technology		22,278		22,278
Office supplies		8,186		8,186
Travel	28,230	17,264		45,494
Depreciation and amortization		5,227		5,227
Business expenses		18,155		18,155
Other expenses	<u>1,251</u>			<u>1,251</u>
Total Functional Expenses	<u><u>\$2,067,106</u></u>	<u><u>\$655,428</u></u>	<u><u>\$5,481</u></u>	<u><u>\$2,728,015</u></u>

See accompanying notes to financial statements

K TO COLLEGE
DBA SUPPLYBANK.ORG
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	<u>\$828,869</u>
Total Change in Net Assets	<u>828,869</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	5,227
Accounts receivable	41,778
Inventory	80,522
Prepaid expenses	238,052
Accounts payable	(224,141)
Undistributed in-kind goods	(89,086)
Payroll liabilities	(924)
Vacation payable	<u>16,024</u>
Total Adjustments	<u>67,452</u>
Net Cash Provided by Operating Activities	<u>896,321</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from line of credit	<u>50,332</u>
Net Cash Provided by Financing Activities	<u>50,332</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	946,653
Cash and cash equivalents, beginning of year	<u>1,295,772</u>
Cash and cash equivalents, end of year	<u><u>\$2,242,425</u></u>

SUPPLEMENTARY INFORMATION

No taxes or interest were paid by the Organization during the year ended June 30, 2019

Noncash activities:

Fair value of in-kind contributions received	<u><u>\$806,605</u></u>
--	-------------------------

See accompanying notes to financial statements

This Page Left Intentionally Blank

K TO COLLEGE DBA SUPPLYBANK.ORG
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE 1 – REPORTING ENTITY AND PROGRAMS

SupplyBank.Org is an Oakland based nonprofit public benefit corporation that is working with more than 450 public and nonprofit agencies in California to build the nation’s first supply bank (like a regional food bank, but statewide and for supplies). During the last few years, our volume is roughly \$25M worth of materials to 500,000 people, but it is expected to dramatically increase with the completion of the Oakport Street Project, which includes a new 60,000 distribution center. We do many other fun things as part of programs like a private label baby/diaper brand, data analytics for government agencies and many other projects. For more information on our organization, please see our website: <http://supplybank.org/>.

Some highlights of programmatic work and efforts to build infrastructure for the future are highlighted below.

PROGRAM SERVICE ACCOMPLISHMENTS

Diaper Kit Program

During this fiscal year, we continued to focus heavily on building out a robust statewide diaper kit program in partnership with First 5 California, all 58 counties, WIC, and others. Providing up to 100 diapers and 200 wipes per month through partnering WIC offices and First 5 family resource centers (FRCs), the diaper kit program is a solution to the growing issue of “diaper need,” or an insufficient supply of diapers to keep a baby clean and dry. With each box, diaper, and baby wipe container printed with colorful messaging from first 5’s award-winning Talk. Read. Sing. Campaign, the diaper kits serve a dual purpose of reinforcing healthy language development practices for parents and caregivers of babies and toddlers. SupplyBank.org and our agency partners distribute these to low-income families for substantially less cost when compared to in-store costs. The program made donations to organizations in 23 counties and built the infrastructure to reach all 58. The program distributed more than 3 million diapers and 6 million wipes.

Disaster Relief

SupplyBank.Org continued planning for long-term disaster relief efforts, as the deadly wildfires that ripped through Northern California and uprooted thousands of families for two consecutive years have generated a substantial need for basic supplies. The strain of families to meet their basic material needs extends well beyond the news cycles that follow these events, and relief agencies struggle to address ongoing needs in the face of “boom and bust” donations. Additionally, according to county, state and federal officials, what is often donated by the public is not what is needed with respect to basic material needs.

To address these issues more efficiently, SupplyBank.Org entered into a preliminary partnership agreement with the American Red Cross to work collectively to store and distribute goods needed to support the efforts of the Red Cross and other allied agencies during localized or regional disasters. The Organization has also engaged with FEMA, Cal-OES, several county level EOCs, and other stakeholders to gain more knowledge. With the ability to procure materials in bulk and store them until they are needed, we anticipate significantly lower costs and greater longevity of resources.

In response to the immediate needs SupplyBank.Org continued to make one-time donations to those impacted by natural disasters through our existing network of 450 partnering agencies.

K TO COLLEGE DBA SUPPLYBANK.ORG
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE 1 – REPORTING ENTITY AND PROGRAMS (Continued)

Supplies to Nonprofits

The Supplies to Nonprofits program provides a wide range of critical materials to partnering agencies such as shelters, family resource centers, social service agencies, churches and other community groups throughout the region and state. Largely in-kind donors that coordinate unopened returns, surplus and general donations from wholesale networks that supply major retailers supply this program. They are committed to partnering with SupplyBank.Org as the California hub for return and surplus household items to be distributed to low-income families in need. Once the Distribution Center is up and running, we expect to distribute between \$20-25 million worth of materials to partnering agencies throughout the state, but during this year we ran several pilot and ongoing distributions. This year the program focused on providing for the unmet materials needs of the migrant farm worker communities throughout California.

K to College

Now in its 10th year, our K to College program continues to provide school supplies, dental supplies, backpacks, early learning kits, and other basic needs items to homeless, foster, and other low-income students throughout the state to help them succeed in school. Partnered with more than 350 county offices of education, school districts and First 5 Agencies, the program is the farthest-reaching effort of its kind. In the past year, we have distributed **49,839 backpacks with supplies, 44,270 school supply kits, 3,900 Early Learning Kits and 25,462 dental hygiene kits**, among other materials, to preschoolers through 12th grade students across the state. The program also provides a joint procurement opportunity for other nonprofits.

The costs to administer these programs are reflected in the Statement of Financial Expenses under the row entitled “Payroll” and column entitled “Program Services.” This amount is also part of the “Management and General” line item under “Support Services” in the Statement of Activities.

Oakport Street Project

As an expanding Oakland company, the Oakport Street Project will enable our agency to more than triple in size the first year and set in place the framework for rapid growth thereafter. This project will enable us to provide several tens of millions of dollars’ worth of basic needs materials (diapers, laptops, hygiene items, school supplies, emergency supplies etc.) to impoverished children and families and victims of disasters such as the recent firestorms that displaced tens of thousands of people. It’s a proven model and we’re all excited and honored to be working on it.

As part of a Public Private Partnership (PPP) with East Bay Municipal Utility District (EBMUD), the project would develop the approximately 16-acre EBMUD pipe storage yard on Oakport Street into a new 130,000 sq. ft. warehouse building (split into two units) and a 160,000 sq. ft. five-story office building with associated parking and landscaping improvements. There will also be several other improvements to the northern side of the development specifically for EBMUD use which are described below. Per the project plans, the site is broken into two areas, there are two sides of this development (north and south). The southern end is what consists of the office building and the SupplyBank.Org half of distribution center. The northern end includes improvements we’re doing as part of a transaction where we are exchanging land improvements to our local water utility in exchange for the land. This agreement was approved in the summer of 2018.

K TO COLLEGE DBA SUPPLYBANK.ORG
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE 1 – REPORTING ENTITY AND PROGRAMS (Continued)

The 160,000 square foot office building will be a new Class A structure with below market rents initially exclusively offered to nonprofit organizations located in the Bay Area. It will provide a free BART shuttle (light-rail transit; 5 minute ride to the Coliseum Station), shared conference rooms, outdoor gathering spaces and other shared common spaces that include a rooftop garden and other amenities. Leases will be structured up to 50+ years for qualified nonprofits and other organizations.

Our goal is to create a unique community of the most passionate, equitable and socially minded organizations and people in the region all serving the same community in different ways. In short, we hope to build a campus of like-minded organizations with the ability to create social change.

The cost to administer the Oakport Street Project as the project developer is reflected in the Statement of Financial Expenses under the row entitled “Payroll” and column entitled “Management and General.” The \$245,866 cost is reflective of both the Management and General of the Organization and the Oakport Street Project. In future years, the Organization will move the assets and costs of the Project to a Single Member LLC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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). The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC), No. 958, *Financial Statements of Not-for-Profit Organizations*.

The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in general operations that are not subject to or are no longer subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

K TO COLLEGE DBA SUPPLYBANK.ORG
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

B. *Contributions and Grants*

Contributions and grants are recorded as revenue with, or without, donor restrictions when received, or pledged when there is a reasonable expectation of collection. All contributions are considered to be available for the unrestricted use unless specifically restricted by the donor. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of receipt. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions with donor restrictions are generally recognized as revenue with donor restrictions. Generally, donors place restrictions on contributions for a specific time period and/or a specific use or purpose. Once donor restrictions have been satisfied, the revenue is released from net assets with donor restrictions and reclassified to net assets without donor restrictions. Restrictions on gifts of property or equipment or gifts restricted to the purchase of property or equipment are satisfied when the assets are placed in service.

C. *Cash and Cash Equivalents*

For purposes of reporting cash flows, the Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

D. *Concentration of Credit Risk*

The Federal Deposit Insurance Corporation (“FDIC”) insures account balances at each insured institution. The Organization maintains deposit accounts with financial institutions and frequently carries balances that exceed FDIC insurance limits. At various times during the year, cash at these institutions could exceed federally insured limits. The Organization has not experienced any losses on its FDIC-insured accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

E. *Receivables*

The Organization considers all accounts receivable to be fully collectible as of June 30, 2019. Accordingly, no material 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.

F. *Property and Equipment*

Property and equipment are recorded at cost when purchased, or if donated, at the approximate fair value at the date of donation. It is the Organization’s policy to capitalize assets purchased or donated when their costs or fair values exceed \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets which range from 3 to 5 years.

K TO COLLEGE DBA SUPPLYBANK.ORG
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

G. *Donated Goods and Volunteer Services*

Donated goods, if any, are recorded in the financial statements at the estimated fair value in the period received. Contributions of donated services that create or enhance a non-financial asset, or require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

H. *Income Taxes*

The Organization is exempt from income tax under Section 501(c)(3) of U.S. the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Organization paid no taxes on unrelated business income for the year ended June 30, 2019.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Organization's tax returns remain open for federal income tax examination for three years from the date of filing.

I. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

J. *Functional Allocation of Expenses*

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Those expenses which cannot be specifically identified by function type have been allocated to functions based upon management's best estimate of usage. For certain such expenses, such as payroll costs, these estimates are based on time incurred in different activities. For other expenses, such as travel, an allocation has been made based upon purpose.

K. *Advertising Costs*

Advertising costs, if any, are expensed as incurred.

K TO COLLEGE DBA SUPPLYBANK.ORG
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

L. *Fair Value Measurements*

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

The three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

M. *New Accounting Pronouncement*

During the year ended June 30, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). The Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (see Note 9).

N. *Subsequent Events*

The Organization evaluated subsequent events for recognition and disclosure through June 3, 2020, the date which these financial statements were available to be issued. Management concluded that no material subsequent events occurred since June 30, 2019 that requires recognition or disclosure in such financial statements except for the following:

K TO COLLEGE DBA SUPPLYBANK.ORG
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On March 11, 2020, the World Health Organization declared the novel strain of Coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 pandemic changed the world. SupplyBank.Org shifted its programs entirely to disaster response in the form of emergency supplies programs. As of June 1, 2020, the Organization has received commitments from numerous public agencies and foundations for more than \$7.5 million in funding that transcend both the 19/20 and 20/21 fiscal years.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are reported at their fair values using level 1 fair value measures (quoted prices in active markets) in the Statement of Financial Position. At June 30, 2019, the Organization's cash and cash equivalents balance was \$2,242,425.

NOTE 4 – INVENTORY

Inventory consists of raw materials used to produce various basic needs supply kits, diapers, computers, school supplies, hygiene items, and a substantial portfolio of in-kind goods that includes the aforementioned and basic household items. All materials are distributed to low-income children and families. Inventory is valued at the lower of cost or net realizable value based on the average cost method. At June 30, 2019, inventory was valued at \$71,017.

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable consists primarily of amounts due to manufacturers, third party logistic or 3PL companies, carriers, and other vendors. Most of the Organization's budget goes towards these costs. Through December 2018, Give Something Back Office Supplies provided the Organization with a line of credit for raw materials, as the counties and State of California can be slow in remitting funding. In the case of the School Supplies for Homeless Children Fund, the Organization is required to complete assembly and delivery of kits prior to issuing any invoice. At June 30, 2019, the total accounts payable owed was \$75,303.

NOTE 6 – LINE OF CREDIT

The Organization has an agreement with a bank for a revolving line of credit of \$250,000 that matures December 6, 2020. The line of credit has a variable interest rate that is subject to change based on an independent index rate. The interest rate is currently 5.75%. At June 30, 2019, the Organization had an outstanding balance of \$249,332 against the line of credit.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2019, the Organization had \$2,081,699 in net assets with donor restrictions restricted for the Organization's distribution center project. For the year ended June 30, 2019, \$286,882 net assets were released from restrictions for expenses related to the Organization's distribution center project.

K TO COLLEGE DBA SUPPLYBANK.ORG
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

NOTE 8 – DONATED MATERIALS

For materials that are not directly donated, the Organization works with various manufacturers, governments and private entities to acquire materials at a discounted price. Following the guidance set by the FASB ASC No. 958, the Organization records the difference between the lowest possible contract price and the discounted price paid for the materials as an in-kind contribution. For the year ended June 30, 2019, the Organization received in-kind contributions with an estimated fair value of \$806,605.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following at June 30, 2019:

Total current financial assets:	
Cash and cash equivalents	\$2,242,425
Accounts receivable	328,771
Inventory	<u>71,017</u>
Total current financial assets	2,642,213
Contractual or donor-imposed restrictions:	
Accounts payable	(75,303)
Line of credit	(249,332)
Donor-imposed restrictions	<u>(2,081,699)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u><u>\$235,879</u></u>