



Center for Innovation and Resources, Inc.

**Financial Statements  
For the Year Ended  
June 30, 2023**



**Hiep Pham, CPA Inc.**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1-2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7-15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	16-17
Schedule of Findings and Questioned Costs.....	18
Status of Prior Audit Findings.....	19

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Center for Innovation and Resources, Inc.  
Moorpark, California

### **Report on the Audit of the Financial Statements**

#### **Opinion**

I have audited the accompanying financial statements of Center for Innovation and Resources, Inc. (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.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Center for Innovation and Resources, Inc. as of June 30, 2023, 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.

#### **Basis for Opinion**

I conducted my audit in accordance with 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. 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 Center for Innovation and Resources, Inc. 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.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Innovation and Resources, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 Center for Innovation and Resources, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Innovation and Resources, Inc.'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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated March 29, 2024, on my consideration of Center for Innovation and Resources, Inc.'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 the effectiveness of Center for Innovation and Resources, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering Center for Innovation and Resources, Inc.'s internal control over financial reporting and compliance.

#### **Report on Summarized Comparative Information**

I have previously audited Center for Innovation and Resources, Inc.'s 2022 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated May 3, 2023. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Hiep Pham, CPA Inc.*

Fremont, California  
March 29, 2024

CENTER FOR INNOVATION AND RESOURCES, INC.  
STATEMENTS OF FINANCIAL POSITION

June 30, 2023

(With Comparative Totals for June 30, 2022)

	2023	2022
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 113,173	\$ 236,113
Accounts receivable	181,686	91,027
Prepaid expenses and other current assets	21,431	18,357
Total current assets	316,290	345,497
Non-current assets:		
Operating lease right-of-use asset, net of accumulated amortization	61,450	-
Total non-current assets	61,450	-
Total assets	\$ 377,740	\$ 345,497
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 47,622	\$ 30,207
Accrued vacation	16,128	14,205
Operating lease liability, current portion	35,531	-
Total current liabilities	99,281	44,412
Long-term liabilities:		
Operating lease liability, net of current portion	14,484	-
Total long-term liabilities	14,484	-
Total liabilities	113,765	44,412
Net assets:		
Net assets without donor restrictions	198,188	196,756
Net assets with donor restrictions	65,787	104,329
Total net assets	263,975	301,085
Total liabilities and net assets	\$ 377,740	\$ 345,497

The accompanying notes are an integral part of these financial statements.

CENTER FOR INNOVATION AND RESOURCES, INC.  
STATEMENTS OF ACTIVITIES  
For the Year Ended June 30, 2023  
(With Comparative Totals for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Revenues:				
Grants	\$ 710,202	\$ 155,340	\$ 865,542	\$ 922,577
Donations and other income	6,115	-	6,115	6,019
Net assets released from restrictions	<u>193,882</u>	<u>(193,882)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>910,199</u>	<u>(38,542)</u>	<u>871,657</u>	<u>928,596</u>
Expenses:				
Program services:				
California ACES Academy	-	-	-	70,987
Working with Survivors with Disabilities in California	71,750	-	71,750	19,861
Child Abduction Training Program	183,723	-	183,723	155,882
California Small Business COVID-19 Relief	3,688	-	3,688	18,919
Digilift Software Grant	1,021	-	1,021	-
Training Logistical Support & Delivery	118,903	-	118,903	81,752
Greater Bay Area Child Abuse Prevention	18,913	-	18,913	17,492
Minimum Standards Protocol Enhancement F	-	-	-	9,044
Northern & Southern Child Sexual Abuse	311,270	-	311,270	387,892
California Trauma Informed Care	-	-	-	58,082
Initial Child Interview Training Project	<u>85,818</u>	<u>-</u>	<u>85,818</u>	<u>430</u>
Total program services	<u>795,086</u>	<u>-</u>	<u>795,086</u>	<u>820,341</u>
Support services:				
Management and general	113,681	-	113,681	99,674
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,095</u>
Total supportive services	<u>113,681</u>	<u>-</u>	<u>113,681</u>	<u>105,769</u>
Total expenses	<u>908,767</u>	<u>-</u>	<u>908,767</u>	<u>926,110</u>
Change in net assets	1,432	(38,542)	(37,110)	2,486
Net assets, beginning of period	<u>196,756</u>	<u>104,329</u>	<u>301,085</u>	<u>298,599</u>
Net assets, end of period	<u>\$ 198,188</u>	<u>\$ 65,787</u>	<u>\$ 263,975</u>	<u>\$ 301,085</u>

The accompanying notes are an integral part of these financial statements.

CENTER FOR INNOVATION AND RESOURCES, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2023  
(With Comparative Totals for the Year Ended June 30, 2022)

	Program Services									Support Services	Total 2023	Total 2022
	Working with Survivors with Disabilities in California	Child Abduction Training Program	California Small Business COVID-19 Relief	Digilift Software Grant	Training Logistical Support & Delivery	Greater Bay Area Child Abuse Prevention	Northern & Southern Child Sexual Abuse	Initial Child Interview Training Project	Subtotal Program Services			
Expenses:												
Salaries	\$ 31,836	\$ 94,721	\$ -	\$ -	\$ 33,435	\$ 9,630	\$ 180,809	\$ 51,530	\$ 401,961	\$ 61,630	\$ 463,591	\$ 414,768
Payroll taxes	2,560	7,543	-	-	2,717	769	15,102	4,078	32,769	5,555	38,324	34,244
Employee benefits	9,497	19,950	1	-	6,683	5,746	40,916	10,915	93,708	9,046	102,754	93,811
Travel	565	18,548	-	-	16,453	-	8,944	776	45,286	216	45,502	34,892
Supplies	2,397	1,554	1,337	1,000	1,725	284	3,616	2,799	14,712	9,110	23,822	21,813
Consultants and contractors	15,941	8,972	(1,196)	-	51,572	830	33,950	7,883	117,952	13,294	131,246	211,855
Professional development	700	790	-	-	-	-	1,410	-	2,900	3,900	6,800	2,670
Information systems	-	-	-	-	-	-	-	-	-	-	-	9,638
Training and resource materials	-	7,707	-	-	3,166	890	3,541	-	15,304	-	15,304	17,596
Rent and occupancy	4,794	17,922	3,546	-	2,505	578	12,409	4,342	46,096	(70)	46,026	49,269
Insurance	1,093	793	-	-	-	-	1,586	793	4,265	978	5,243	4,767
Office expenses	2,367	5,223	-	21	557	186	8,987	2,702	20,043	7,257	27,300	28,993
Other expenses	-	-	-	-	90	-	-	-	90	2,765	2,855	1,794
<b>Total expenses</b>	<b>\$ 71,750</b>	<b>\$ 183,723</b>	<b>\$ 3,688</b>	<b>\$ 1,021</b>	<b>\$ 118,903</b>	<b>\$ 18,913</b>	<b>\$ 311,270</b>	<b>\$ 85,818</b>	<b>\$ 795,086</b>	<b>\$ 113,681</b>	<b>\$ 908,767</b>	<b>\$ 926,110</b>

The accompanying notes are an integral part of these financial statements.

CENTER FOR INNOVATION AND RESOURCES, INC.  
STATEMENTS OF CASH FLOWS  
For the Year Ended June 30, 2023  
(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (37,110)	\$ 2,486
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of operating lease	29,437	-
Changes in certain assets and liabilities:		
Accounts receivable	(90,659)	123,093
Prepaid expenses and other current assets	(3,074)	4,824
Accounts payable and accrued expenses	17,415	13,125
Accrued vacation	1,923	(4,395)
Operating lease liability	(40,872)	-
Net cash provided (used) by operating activities	(122,940)	139,133
Net increase (decrease) in cash	(122,940)	139,133
Cash and cash equivalents, beginning of period	236,113	96,980
Cash and cash equivalents, end of period	\$ 113,173	\$ 236,113
Supplemental disclosures of cash flow information:		
Noncash operating activities		
Acquisition of right-of-use asset under operating lease	\$ 90,887	\$ -

The accompanying notes are an integral part of these financial statements.



CENTER FOR INNOVATION AND RESOURCES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023

NOTE 1 - GENERAL

A. Organization

Center for Innovation and Resources, Inc. (the Organization) is a nonprofit organization committed to providing high quality training and technical assistance to non-profit, small business, corporate, human service, and educational agencies in the form of project management, training and conference management, and a variety of other services.

B. Program Services

**The California ACES Academy** - This project was a subcontract from the American Professional Society on the Abuse of Children and the Academy on Violence and Abuse (AVA) to provide training to educate Medi-Cal providers and others on the importance of Adverse Childhood Experiences (ACEs) to health. The Organization provided logistical support for each of the virtual training events that took place over the course of the year including marketing support.

The VITAL Relational Health project was funded through an ACEs Aware initiative of the Office of the California Surgeon General and the California Department of Health Care Services. The project worked with researchers to develop and distribute free, online, self-paced courses with the goal of improving health outcomes for children. The Organization designed the courses, hosted them on a learning management system, and marketed the courses to the field. The Organization worked with a continuing education provider to offer CME credits (for medical providers) for each of the courses.

**Working with Survivors with Disabilities in California** (funded by the Ability Central Foundation) - This project will develop and present four web-based training events with the target audience of service providers. The goal of the project is to increase access to and improve service delivery practices to individuals with disabilities.

**The Child Abduction Training Program** (funded by Cal OES) - The Child Abduction Training Program works to support the efforts of the California Child Abduction Task Force in providing education and resources to professionals and volunteers involved in the prevention, recovery, investigation, and prosecution of cases of abducted children.

**Training Logistical Support & Delivery** - Individual county or agency fee for service contracts. The Organization provides high quality training and technical assistance to agencies on an individual request basis. Contracts vary in size from a one-day training session to a multi-event series. Relevant content that fits the mission and goals of the contracting agency is developed and delivered utilizing the Organization's organizational expertise. Services typically provided include a subject matter expert, coordination of logistics, registration and event management, and follow-up support.

CENTER FOR INNOVATION AND RESOURCES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023

NOTE 1 - GENERAL (concluded)

B. Program Services (concluded)

**Greater Bay Area Child Abuse Prevention Council Coalition's Innovative Partnerships Project** - The Greater Bay Area Child Abuse Prevention Council Coalition has subcontracted with the Organization to provide coordination of their Innovative Partnerships Project. This project is designed to evaluate and reorient the Coalition's community education efforts in light of the protective factors outlined within the Strengthening Families Framework and other current research and to develop quality new materials for the region.

The goal of this project, **the Minimum Standards Protocol Enhancement Project (MSPE)**, is to update California's Minimum Standard Protocol for the Investigation of Child Abuse and Neglect (MSP). The MSP was created by the California Children's Justice Act Task Force, to identify key concerns and issues that should be addressed when developing a written investigative protocol for the investigation of child abuse and neglect.

**The Northern & Southern Child Sexual Abuse Training and Technical Assistance Centers** (Funded by Cal OES) - The Northern & Southern Child Sexual Abuse Training and Technical Assistance Centers develop and implement training and technical assistance activities designed to improve and strengthen the knowledge of professionals who provide treatment to victims of child sexual abuse and their families, as well as child advocacy centers and direct service providers, who provide services related to child sexual abuse investigations.

**California Trauma Informed Care Academy (CalTICA)** (funded by CalOES) - The California Trauma-Informed Care Academy (CalTICA) will provide an online hub for education on the neurobiology of trauma and best practices for multidisciplinary professionals working with children who have experienced abuse. These modules will be free and available around the clock through an easy-to-use website. Together the modules will provide a comprehensive baseline for trauma-informed care that can be augmented by additional trainings provided by the Organization and others.

**Initial Child Interview Training Project (ICIT)** (funded by CalOES) - This training project developed and distributed three video training modules and accompanying field guides for first responders. The goal of the project is to train law enforcement, social services, and other mandated reporters on best practices for the initial child abuse disclosure. These best practices include minimizing disclosure and, therefore, the trauma related to potential abuse. These training modules will be free and available around the clock through an easy-to-use website.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of the Organization are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of the period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

CENTER FOR INNOVATION AND RESOURCES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*. Under the provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions - Net assets 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, whereby the donor has stipulated the funds be maintained in perpetuity.

C. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions with a maturity of three months or less.

D. Accounts Receivable

Accounts receivable represent amounts earned but not yet collected. The Organization has not accrued an allowance for doubtful accounts as it is the opinion of management that all receivables will be realized. The Organization will accrue an allowance for doubtful accounts when management considers that the receivables cannot be fully collected.

E. Fixed Assets

The aggregate cost of assets over \$1,000 is capitalized in the statement of financial position. Fixed assets are stated at cost or at estimated fair market value at date of donation. Depreciation is computed on the straight-line basis of accounting over the estimated useful lives of the assets. Any impaired assets will be written down to their actual value. Ongoing repair and maintenance expenses are recognized as current period expense.

F. Grants

Grants awarded by government agencies or passed through to the Organization from another donor that received funding from the government agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

CENTER FOR INNOVATION AND RESOURCES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Donations

Donations represent contributions to the Organization from private organizations and individuals, and are recognized as support when received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of donor restrictions. Restricted contributions are reported as an increase in net assets with donor restrictions. When the restriction is met on a contribution received, the amount is shown as a reclassification from net assets with donor restrictions to net assets without donor restrictions.

H. Revenue Recognition

Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute are accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income, and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided in accordance with Topic 606.

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.

I. Donated Goods and Services

In-kind contributions are recognized as follows: Donated goods are recorded at their estimated fair market value on the date of donation. Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

CENTER FOR INNOVATION AND RESOURCES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Functional Allocation of Expenses

Functional expenses are allocated to program and supportive services by a base derived from personnel allocations. All other allowable general and administrative costs are allocated to programs/grants according to respective program operating budgets also derived from personnel allocations. Examples of allocable costs include salaries, payroll taxes, benefits, consultants, administrative expenses, insurance, contractual services, occupancy/rent and depreciation.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll related expenses	Time and effort
Travel	Function and usage
Supplies	Function and usage
Consultants and contractors	Function and usage
Professional development	Function and usage
Information systems	Function and usage
Training and resource materials	Function and usage
Rent an occupancy	Function and usage
Insurance	Function and usage
Office expense	Function and usage
Other expenses	Function and usage

K. Contingencies

The Organization participates in numerous grants. Disbursement of funds received under these grants requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

L. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

M. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

CENTER FOR INNOVATION AND RESOURCES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

N. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 29, 2024, the date the financial statements were available to be issued.

O. Concentrations

The Organization receives a substantial amount of revenue for its programs from funding through the California Governor's Office of Emergency Services. During the years ended June 30, 2023 and June 30, 2022, the Organization received \$309,136 and \$592,780, respectively. This amounts to 35% and 64% of total revenue for those years, respectively. At June 30, 2023 and June 30, 2022, amounts due from the California Governor's Office of Emergency Services in accounts receivable totaled \$28,934 and \$89,286, respectively.

P. Comparative Financial Information

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

Q. Implementation of Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization adopted the standards on July 1, 2022.

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors, and grantors may obtain tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

CENTER FOR INNOVATION AND RESOURCES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023

NOTE 3 - INCOME TAXES (concluded)

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2023. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - CASH AND CASH EQUIVALENTS

The cash balances as of June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Summit State Bank	\$ 113,009	\$ 226,467
PayPal	90	9,516
Petty cash	74	130
Total	<u>\$ 113,173</u>	<u>\$ 236,113</u>

The account balances were insured under the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC).

NOTE 5 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$16,128 and \$14,205 as of June 30, 2023 and June 30, 2022, respectively.

NOTE 6 - LINE OF CREDIT - RELATED PARTY TRANSACTION

In May 2019, the Organization entered into a line of credit agreement with United Cerebral Palsy of the North Bay in the amount of \$60,000 with an interest rate of 6.5% per annum, which expires on June 30, 2024. The line of credit was secured by the Organization's promissory note. For the years ended June 30, 2023 and June 30, 2022, there was no outstanding balance on the line of credit.

One of the Board Members is on the Board of United Cerebral Palsy of the North Bay. She abstains from voting on the matter on both ends.

CENTER FOR INNOVATION AND RESOURCES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023

NOTE 7 - OPERATING LEASE RIGHT-OF-USE ASSET AND LIABILITY

The Organization leases office space in Moorpark and Rohnert Park under operating leases expiring in June 2025.

- In April 2021, the Organization signed a 36-month lease for office space in Moorpark expiring in March 2024. The monthly rent for the Moorpark office at June 30, 2023 was \$2,460.
- In June 2022, the Organization signed a 36-month lease for office space in Rohnert Park expiring in June 2025. The monthly rent for the Rohnert Park office at June 30, 2023 was \$1,154.

The total expenses for occupancy were \$31,112 and \$40,191 for the years ended June 30, 2023 and June 30, 2022, respectively.

Amounts recognized as right-of-use assets related to operating leases are included in the accompanying Statement of Financial Position, while related lease liabilities are included in the operating lease liabilities. As of June 30, 2023, right-of-use assets and lease liabilities related to operating leases were as follows:

Operating lease right-of-use asset	\$ 90,887
Less accumulated amortization	<u>(29,437)</u>
Operating lease right-of-use asset, net	<u>\$ 61,450</u>
Operating lease liability:	
Operating lease liability, current portion	\$ 35,531
Operating lease liability, net of current portion	<u>14,484</u>
Total	<u>\$ 50,015</u>

During the year ended June 30, 2023, the Organization had the following cash and non-cash activities associated with the leases:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 42,715

Future minimum lease payments under these agreements are as follows:

Year Ending June 30, 2024	\$ 36,416
Year Ending June 30, 2025	<u>14,708</u>
Total	51,124
Less effects of discounting	<u>(1,109)</u>
Lease liabilities recognized	<u>\$ 50,015</u>



CENTER FOR INNOVATION AND RESOURCES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 were available for the following purposes:

<b>Subject to Expenditure for Specified Purpose</b>	Beginning Balance <u>6/30/22</u>	<u>Contributions</u>	<u>Releases</u>	Ending Balance <u>6/30/23</u>
Training Logistical Support & Delivery	\$ 54,025	\$ 88,532	\$ (142,557)	\$ -
Greater Bay Area Child Abuse Prevention	18,787	18,787	(18,787)	18,787
Northern & Southern Child Sexual Abuse	<u>31,517</u>	<u>48,021</u>	<u>(32,538)</u>	<u>47,000</u>
Total	<u>\$ 104,329</u>	<u>\$ 155,340</u>	<u>\$ (193,882)</u>	<u>\$ 65,787</u>

NOTE 9 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2023, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating and other reserves that could be drawn upon if the governing board approves that action.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 113,173	\$ 236,113
Accounts receivable	<u>181,686</u>	<u>91,027</u>
Total financial assets	294,859	327,140
Donor-imposed restrictions	<u>(65,787)</u>	<u>(104,329)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 229,072</u>	<u>\$ 222,811</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Center for Innovation and Resources, Inc.  
Moorpark, California

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 Center for Innovation and Resources, Inc. (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 March 29, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Center for Innovation and Resources, Inc.'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 Center for Innovation and Resources, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Center for Innovation and Resources, Inc.'s internal control.

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

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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Center for Innovation and Resources, Inc.'s financial statements are free from 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 statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hiep Pham, CPA Inc.*

Fremont, California  
March 29, 2024

CENTER FOR INNOVATION AND RESOURCES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023

**Section I - Summary of Auditor's Results**

**Financial statements**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued:.....  | Unmodified    |
| 2. Internal control over financial reporting:   |               |
| A. Material weaknesses identified?.....   | No            |
| B. Significant deficiency(ies) identified that are not considered to be material weaknesses?..... | None reported |
| C. Noncompliance which is material to the financial statements noted?....                         | No            |

**Section II - Financial Statement Findings.....** None noted

**Section III - Findings and Questioned Costs.....** None noted

CENTER FOR INNOVATION AND RESOURCES, INC.  
STATUS OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2023

There were no prior year audit findings.