Reports of Independent Auditors
and Financial Statements

Council on Aging – Southern California
(A Non-Profit Corporation)

June 30, 2025 and 2024

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Report of Independent Auditors

The Board of Directors
Council on Aging – Southern California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Council on Aging – Southern California (the Organization, a non-profit corporation), which comprise the statement of financial position as of June 30, 2025, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, 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

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

Prior Period Summarized Comparative Financial Information

We have previously audited the Organization's June 30, 2024 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 17, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material aspects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Baker Tilly US, LLP

Irvine, California
March 20, 2026

Financial Statements

Council on Aging – Southern California
(A Non-Profit Corporation)
Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,529,436	$ 430,360
Grants and contracts receivable	795,198	949,286
Investments	1,830,897	2,700,692
Prepaid expenses	140,509	130,661
Total current assets	4,296,040	4,210,999
DEPOSITS	84,219	100,004
PROPERTY AND EQUIPMENT, net	44,160	58,799
OPERATING LEASE RIGHT-OF-USE ASSETS	783,872	1,147,710
Total assets	$ 5,208,291	$ 5,517,512
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 295,727	$ 143,732
Accrued expenses	440,092	447,546
Paycheck Protection Program (PPP) loan, current	-	50,371
Deferred revenue	28,187	55,000
Operating lease liability, current	396,262	371,293
Total current liabilities	1,160,268	1,067,942
OPERATING LEASE LIABILITY, long term, net	445,413	841,675
Total liabilities	1,605,681	1,909,617
NET ASSETS		
Without donor restrictions	3,204,089	3,325,639
With donor restrictions	398,521	282,256
Total net assets	3,602,610	3,607,895
Total liabilities and net assets	$ 5,208,291	$ 5,517,512

See accompanying notes.

Council on Aging – Southern California
(A Non-Profit Corporation)
Statement of Activities (with Summarized Comparative Information)
Years Ended June 30, 2025 and 2024

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
REVENUE AND SUPPORT				
Government contract revenue	$ 6,583,400	$ -	$ 6,583,400	$ 6,780,662
Contributions from				
Foundations and corporations	15,000	560,000	575,000	382,434
Individuals	113,403	78,941	192,344	3,316,279
In-kind goods and services	886,286	-	886,286	875,773
Special events, net	156,170	-	156,170	179,089
Participation and program fees	20,000	-	20,000	47,324
Guide income	148,280	-	148,280	78,250
Investment return, net fees	111,232	-	111,232	42,808
Net assets released from restrictions	522,676	(522,676)	-	-
Total revenue and support	8,556,447	116,265	8,672,712	11,702,619
EXPENSES				
Program services	7,758,796	-	7,758,796	7,923,949
Supporting services	574,403	-	574,403	636,307
Fundraising	344,798	-	344,798	333,363
Total expenses	8,677,997	-	8,677,997	8,893,619
CHANGE IN NET ASSETS	(121,550)	116,265	(5,285)	2,809,000
NET ASSETS, beginning of year	3,325,639	282,256	3,607,895	798,895
NET ASSETS, end of year	$ 3,204,089	$ 398,521	$ 3,602,610	$ 3,607,895

See accompanying notes.

Council on Aging – Southern California
(A Non-Profit Corporation)
Statement of Functional Expenses (with Summarized Comparative Information)
Years Ended June 30, 2025 and 2024

	2025				2024
	Program Services	Supporting Services	Fundraising	Total	Summarized Total
Salaries and wages	$ 4,226,806	$ 329,449	$ 190,833	$ 4,747,088	$ 5,051,166
Employee benefits	382,797	29,836	17,283	429,916	418,472
Payroll taxes	315,923	24,624	14,263	354,810	365,503
Total personnel expenses	4,925,526	383,909	222,379	5,531,814	5,835,141
In-kind goods and services	886,286	-	-	886,286	875,773
Consulting and professional fees	358,603	102,702	23,583	484,888	456,453
Advertising and public relations	455,022	4,617	1,979	461,618	535,630
Rent and leasing	389,755	31,483	32,401	453,639	475,481
Program expenses	132,813	-	17,408	150,221	161,385
Travel and mileage	133,396	13,491	741	147,628	130,445
Printing and graphic design	137,724	-	5,595	143,319	101,813
Equipment purchases, repair, and maintenance	127,341	-	341	127,682	1,516
Telephone	97,289	7,360	1,398	106,047	110,632
Insurance	18,733	20,551	1,010	40,294	38,135
Dues and subscriptions	19,051	2,764	18,007	39,822	35,965
Office expenses	33,668	2,683	2,305	38,656	62,399
Depreciation	15,839	1,235	714	17,788	17,159
Staff training	14,406	1,196	1,634	17,236	23,988
Banking fees	1,755	1,184	14,117	17,056	12,293
Postage and shipping	5,906	512	960	7,378	7,484
Volunteer and donor recognition	5,683	441	226	6,350	1,448
Interest expense	-	275	-	275	10,479
Total expenses	$ 7,758,796	$ 574,403	$ 344,798	$ 8,677,997	$ 8,893,619

See accompanying notes.

Council on Aging – Southern California
(A Non-Profit Corporation)
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (5,285)	$ 2,809,000
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized gain on investments, net related fees	(4,492)	(4,724)
Noncash operating lease expense	(7,455)	5,570
Interest and dividend income, net	(316)	(255)
Depreciation	17,788	17,159
Changes in operating assets and liabilities		
Grants and contracts receivable, net	154,088	(197,584)
Prepaid expenses	(9,848)	(19,113)
Deposits	15,785	(9,527)
Accounts payable	151,995	92,814
Accrued expenses	(7,454)	72,159
Deferred revenue	(26,813)	55,000
Net cash provided by operating activities	277,993	2,820,499
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	980,000	550,000
Reinvestment of maturity of investments	(105,397)	(3,200,271)
Cash paid for property and equipment	(3,149)	-
Net cash provided by (used in) investing activities	871,454	(2,650,271)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	1,757,790
Payments on line of credit	-	(1,757,790)
Repayment of PPP loan	(50,371)	(64,961)
Net cash used in financing activities	(50,371)	(64,961)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,099,076	105,267
CASH AND CASH EQUIVALENTS, beginning of year	430,360	325,093
CASH AND CASH EQUIVALENTS, end of year	$ 1,529,436	$ 430,360
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 275	$ 10,479

See accompanying notes.

Note 1 – Organization

Council on Aging – Southern California (the Organization), formerly known as Council on Aging – Orange County, is a nonprofit organization whose mission is to promote the independence, health, and dignity of older adults through compassion, education, and advocacy. The Organization provides the following services:

Advocates for Nursing Home Residents (Long-Term Care Ombudsman Services) – State certified long-term care Ombudsmen protect the rights of approximately 47,000 (unaudited) older and disabled adults in Orange County and Riverside County who reside in skilled nursing and long-term residential care facilities. The long-term care Ombudsmen make announced and unannounced visits to 1,600 (unaudited) facilities across both counties. Certified Ombudsmen successfully complete a 36-hour certification training program and log 10 hours of mentored field training. To maintain their certification, Ombudsmen receive 1-2 hours a month of in-service training from experts in the field of gerontology and presentations on other relevant topics.

Health Insurance Counseling and Advocacy Program (HICAP) – HICAP provides educational seminars and individual counseling for Medicare and related insurance coverage, as well as unbiased information and assistance with original Medicare, HMOs, Medigap plans, Medi-Cal, employer health plans, long-term care insurance, and military benefits. Counseling is available in person at more than 92 sites throughout Southern California. Volunteers must complete 28 hours of training, 15 hours of internship, and pass a California Department of Aging test.

Senior Protection Program (SPP) – The program provides educational awareness of financial elder abuse issues on a national and community level while providing referrals to appropriate agencies for the investigation of financial abuse cases. SPP is also part of the Financial Abuse Specialist Team (FAST), which is a multi-disciplinary volunteer group that assists Adult Protective Services, the Ombudsmen, law enforcement, and attorneys in resolving complicated matters of abuse.

Friendly Visitor Program – This program provides frail, isolated, older adults and persons with disabilities who have no family members or support system with healthy companionships, social interaction, and nurturing relations to help them achieve mental, physical, and spiritual health.

Answers Guide – The Council publishes and distributes an online 112-page Answers Guide which includes information on health care, caregiving, housing, finance, legal, insurance, community resources, as well as helpful checklists. In addition to promoting the Organization's programs and services, Answers Guide assists in connecting seniors and those who care for them with information and resources.

SmileMakers Program – Volunteer service and fundraising group that coordinates, solicits, and distributes donated personal holiday gifts to individuals in licensed care facilities throughout Orange and Riverside Counties.

Reconnect – Early Intervention Services for Older Adults (EISOA) – This program is designed to identify and reduce mental health symptoms and risks in isolated and older adults in Orange County. The goal of the program is to increase social functioning by reconnecting clients with meaningful community activities that reinforce healthy life patterns and good mental health.

The Program to Encourage Active, Rewarding Lives (PEARLS OC) – This program educates older adults about depression and helps them develop the skills they need for self-sufficiency and how to lead more active lives through the support of PEARLS coaches. This short-term, evidence-based program is tailored to support older adults who are experiencing depression, isolation, and other chronic health issues.

Enhanced Care Management (ECM) – This program is designed for Medi-Cal members with complex medical or social needs, aiming to help older adults stay healthy by coordinating all aspects of their care, from primary and behavioral health to specialist and long-term support services through the support of dedicated care managers.

Note 2 – Summary of Significant Accounting Policies

Funding – The Organization receives funding primarily from government contracts. In addition, the Organization receives grants from foundations and corporations, donations from individuals, special event revenue, and Answers Guide advertising income.

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 (U.S. GAAP). Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The Organization's Board of Directors has designated certain net assets be reserved for future program use. Total board-designated reserves at June 30, 2025 and 2024, were $55,229 and $50,421, respectively.

Net assets with donor restrictions – Net assets subject to donor or certain grantor-imposed 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 restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions are reported as reclassifications between the applicable classes of net assets.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Investments – The Organization's investments are carried at fair value. Unrealized gains and losses have been reflected in the statement of activities as increases or decreases in net assets without donor restrictions, net of related investment expenses.

Fair value measurements – The Organization defines fair value 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. The Organization measures fair value under a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

An asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Cash and cash equivalents – For the purpose of reporting cash flows, cash and cash equivalents include operating cash held in banks, money market funds, and short-term investments with an original maturity of three months or less. The Organization maintains its cash balances in a financial institution, the balances of which may, at times, exceed federally insured limits.

Contributions and pledges – Unconditional contributions and pledges are recognized at fair value when received or when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Donated in-kind goods are recorded at their fair value when an unconditional promise to give has been made or when goods have been received. The value of the donation is based on appraisal and other objective bases for determining the value or, in certain instances, based on management's best estimate of the fair value.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills, would typically need to be purchased if not provided by donation, and are recorded at their fair values in the periods received.

No nonfinancial assets were monetized during the years ended June 30, 2025 and 2024. In-kind contributions consisted of the following for the years ended June 30:

	2025	2024	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Specialist volunteers	$ 708,786	$ 717,948	Ombudsmen, HICAP, Friendly Visitor, and EISOA programs	No associated donor restrictions	Estimated fair value based on an hourly rate from online published sources
Tangible items	177,500	157,825	SmileMakers Program	No associated donor restrictions	Estimated fair value based on current cost of similar items in the market.
Total	$ 886,286	$ 875,773			

Grants and contracts receivable – The Organization receives a majority of its total revenue under various governmental grants with the Counties of Orange, San Bernardino, and Riverside and each of their various departments which pay the Organization based on units of service provided or reimbursable costs as defined by the grants. Revenue from these government grants is considered nonreciprocal, meaning there is not a fair value exchange received by the granting agency for the services performed by the Organization, since the beneficiary of each grant is the general public. Therefore, revenue is recognized like a contribution. If the grant is conditional, there is a right to return and a barrier to entitlement exists, and revenue is recognized when the barrier is considered overcome and as allowable expenditures under such agreements are incurred. This revenue is recorded as an increase to net assets without donor restrictions.

Any difference between allowable expenses incurred and the total funds received (not to exceed the grant maximum) is recorded as deferred revenue and is recognized as revenue in future periods as allowable costs are incurred. At June 30, 2025 and 2024, the Organization did not have any deferred revenue related to conditional grants.

The compensation and reimbursements recorded under these grants are subject to audit. Management believes that material adjustments will not result from subsequent audits.

The Organization's grants receivable are unsecured and primarily consist of reimbursements due from contracted government grant reimbursement requests within one year. On a periodic basis, the Organization evaluates outstanding grants receivable and establishes an allowance of uncollectible amounts based upon a history of past write-offs and collections as well as current credit conditions. Management believes that grants receivable are fully collectible at June 30, 2025 and 2024, and as such, no allowance for uncollectible accounts has been recorded.

Prepaid expenses and deposits – Prepaid expenses represent amounts paid prior to the respective year end for which the benefit received will occur in subsequent fiscal years. Deposits are amounts paid on lease agreements that are expected to be refunded at the end of the lease term unless renewed.

Deferred revenue / Answers Guide income – The Organization receives prepaid advertising and fees in relation to an annual Answers Guide that it publishes. Amounts received in advance are deferred and revenue is recognized when the Answers Guide is released.

Concentration of credit risk – The assets that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, investments, grants and contracts receivable, and pledges receivable.

At times, balances in the Organization's cash and investment accounts exceed the Federal Deposit Insurance Corporation (FDIC) and Securities Investors Protections Corporation (SIPC) limits. The Organization invests in various investment securities. Investment securities are exposed to various risk factors, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the statements of financial position.

The Organization is also potentially subject to concentrations of credit risk in its accounts receivable. Credit risk with respect to receivables is limited due to the majority of accounts receivable being due from state and local governmental agencies. Management therefore does not believe significant credit risks exist at June 30, 2025.

Intangibles – Intangible assets resulted from the acquisition of certain customer lists for $20,000 in 2020 and were recorded at fair value at the date of acquisition. These assets are being amortized on a straight-line basis over an estimated useful life of 3 years. Accumulated amortization at June 30, 2025, was $20,000.

Property and equipment – Property and equipment greater than $2,500 are recorded at cost with the exception of donated equipment, which is stated at fair value at the date of receipt. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets, which are determined to be three to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated lives or the term of the lease.

When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is credited or charged to operations. Normal repairs and maintenance are expensed as incurred. Expenditures that materially adapt, improve, or alter the nature of the underlying assets are capitalized.

Management of the Organization assesses the recoverability of property and equipment whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. The evaluation is performed by determining whether the depreciation and amortization of such assets over their remaining lives can be recovered through projected undiscounted cash flows. The amount of impairment, if any, is measured based on fair value and is charged to operations in the period in which such impairment is determined by management. As of June 30, 2025 and 2024, management has not identified any impairment of long-lived assets. There can be no assurance, however, that market conditions will not change or demand for the Organization's services will continue, which could result in impairment of long-lived assets in the future.

Income taxes – The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and the corresponding provisions of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization is subject, however, to federal and California income taxes on unrelated business income as stipulated in the Code.

The Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not of being sustained on audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions. The Organization recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the years ended June 30, 2025 and 2024, the Organization did not recognize any amount in potential interest and penalties associated with uncertain tax positions.

Special events – Revenues and expenses applicable to the Organization's special events are deferred and later recognized at the time when such events occur.

Advertising expenses – The Organization expenses the costs of advertising as incurred. The total expense was $461,618 and $535,630 for the years ended June 30, 2025 and 2024, respectively.

Expense allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, supporting services, and fundraising based on estimated usage. Usage is calculated using an appropriate methodology, such as percentage of staff time.

Risks and uncertainties – Certain services of the Organization are governed by grants and contracts from governmental agencies and private sources. There can be no assurance that the Organization will be able to obtain future grants as deemed necessary by management, although management believes that there is no current indication that grants and contracts are in jeopardy. The loss of certain current grants, or the inability to obtain future grants, could have an adverse effect on the Organization's financial position and results of operations. Failure of the Organization to comply with applicable regulatory requirements can result in, among other things, loss of funding, warning letters, fines, injunctions, and civil penalties.

Reclassifications and comparative totals – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between reporting periods presented.

Subsequent events – Subsequent events have been evaluated by the Organization through March 20, 2026, which is the date these financial statements were available to be issued, and no subsequent events have arisen, other than those described in these financial statements, that would require disclosure.

Note 3 – Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30:

	2025	2024
Cash and cash equivalents	$ 1,529,436	$ 430,360
Grants and contracts receivable, net	795,198	949,286
Investments	1,830,897	2,700,692
Total financial assets	4,155,531	4,080,338
Less		
Net assets with board designations	(55,229)	(50,421)
Net assets with donor restrictions	(398,521)	(282,256)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,701,781	$ 3,747,661

The Organization manages its financial assets so they are available as obligations become due. The Organization considers programs which are ongoing, major, and central to its annual operations as general expenditures. The Organization manages its liquidity with the principle of maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. Investments are available to draw on as needed. The Organization also had a line of credit available to draw from to meet their general cash needs (Note 6).

Note 4 – Investments

The following table summarizes financial assets measured at fair value on a recurring basis as of June 30:

	Fair Value Measurements at June 30, 2025			
	Level 1	Level 2	Level 3	Total
Fair value investments				
Investments held in trust	$ -	$ -	$ 55,229	$ 55,229
Mutual funds	1,775,668	-	-	1,775,668
Total fair value investments	$ 1,775,668	$ -	$ 55,229	$ 1,830,897

	Fair Value Measurements at June 30, 2024			
	Level 1	Level 2	Level 3	Total
Fair value investments				
Investments held in trust	$ -	$ -	$ 50,421	$ 50,421
Mutual funds	2,650,271	-	-	2,650,271
Total fair value investments	$ 2,650,271	$ -	$ 50,421	$ 2,700,692

Fair value of the Organization's financial instruments is determined using the estimates, methods, and assumptions as set forth below. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Registered investment companies (mutual funds) – Shares of registered investment company funds (or mutual funds) are valued at the net asset value at published prices of shares held by the Organization and are valued at the closing price reported on the active market on which the individual securities are traded.

Investment held in trust – The Organization has outsourced the management of its board designated fund to the Orange County Community Foundation (OCCF). The oversight of the investment portfolio is the responsibility of the OCCF Investment Committee whose members are appointed by and serve the OCCF Board of Directors, and which shall administer the investment portfolio in compliance with all written policies approved by the OCCF Board. Annual distributions are subject to the policies of the OCCF. OCCF is not a registered investment company; however, it pools it investments and assigns a net asset value per share in the pool to the Organization. In turn, the Organization uses the market approach to assess the fair value of its share of the pool using observable inputs such as similar sales of the assets that make up the pool.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in the fair value of the investment held in trust with OCCF for the years ended June 30:

Balance, June 30, 2023	$	45,442
Interest and dividend income		255
Fees		(472)
Unrealized gains		5,196
Balance, June 30, 2024		50,421
Interest and dividend income		316
Fees		(522)
Unrealized gains		5,014
Balance, June 30, 2025	$	55,229

Note 5 – Property and Equipment

Property and equipment at June 30 consisted of:

	2025	2024
Office furniture and equipment	$ 162,810	$ 159,660
Leasehold improvements	68,451	68,451
Vehicles	31,716	31,716
	262,977	259,827
Less: accumulated depreciation	(218,817)	(201,028)
	$ 44,160	$ 58,799

Note 6 – Line of Credit

The Organization maintains a line of credit with a financial institution that provides the Organization funding up to $500,000 through June 1, 2025. The line is secured by substantially all the assets of the Organization and bears interest at the published prime rate plus 1.5% per annum. This amounted to an effective interest rate of 10.00% as June 30, 2025. There were no amounts outstanding on the line of credit as of June 30, 2025 and 2024. The line of credit was renewed on June 25, 2025, for $500,000 through July 1, 2026.

Note 7 – Special Events

The Organization conducts special events in order to assist in program operations. All events are conducted in accordance with applicable federal, state, and local laws and ordinances. All revenues received from such events in excess of expenses are used for program operations.

For the years ended June 30, special events revenue and expenses were as follows:

	2025	2024
Revenue	$ 291,195	$ 287,530
Expenses	(135,025)	(108,441)
	$ 156,170	$ 179,089

Note 8 – Retirement Plan

The Organization's employees participate in a tax-deferred annuity plan qualified under Section 403(b) of the Code. The plan covers all eligible employees of the Organization. The employees may make contributions to the plan up to the maximum amount allowed by the Code. The Organization does not make any contributions toward the plan.

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30:

	July 1, 2024	Additions	Releases	June 30, 2025
SmileMakers and Friendly Visitor	$ 129,017	$ 503,546	$ (355,198)	$ 277,365
Ombudsman and Senior Protection	69,478	82,835	(83,067)	69,246
Health Insurance Counseling and Advocacy	49,794	1,960	(15,093)	36,661
Other various programs and time restrictions	33,967	50,600	(69,318)	15,249
	$ 282,256	$ 638,941	$ (522,676)	$ 398,521

	July 1, 2023	Additions	Releases	June 30, 2024
SmileMakers and Friendly Visitor	$ 226,889	$ 179,883	$ (277,755)	$ 129,017
Ombudsman and Senior Protection	3,387	157,550	(91,459)	69,478
Health Insurance Counseling and Advocacy	58,578	1,550	(10,334)	49,794
Other various programs and time restrictions	78,346	45,000	(89,379)	33,967
	$ 367,200	$ 383,983	$ (468,927)	$ 282,256

Note 10 – Leases

Facility leases – The Organization maintains noncancellable long-term operating lease agreements for facilities in Irvine and Riverside, California, requiring monthly rents ranging from $6,000 to $29,000 through August 2027.

The components of the lease expense for the year ended June 30, 2025, were as follows:

Operating lease expense	$ 395,504
Total lease expense	$ 395,504

The following table provides supplemental information related to the Organization's operating lease as of June 30, 2025:

Weighted-average remaining lease term in years for operating leases	2.06
Weighted-average discount rate for operating leases	3.14%

The undiscounted cash flows for future maturities of the Organization's operating lease liabilities and the reconciliation of the undiscounted cash flows to the operating lease liabilities recognized in the statement of financial position are as follows:

	Operating Leases
Years Ending June 30,	
2026	$ 415,984
2027	430,595
2028	21,849
Total undiscounted cash flows	868,428
Less: present value discount	(26,753)
Total operating lease liabilities	$ 841,675

The Organization also maintains short-term operating leases for offices in Hemet and Palm Desert, California, requiring minimum monthly rents ranging from $274 to $400 per month. The total facility rental expense, including common area maintenance charges, was $453,639 and $475,481 for the years ended June 30, 2025 and 2024, respectively.

Note 11 – Paycheck Protection Program (PPP) Loan

The Organization received a loan from a bank in the amount of $589,400 under the PPP established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated May 3, 2020. In December 2021, the Organization applied for and received partial forgiveness of approximately $400,000. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning approximately 16 months from the date of the note. The loan may be repaid at any time with no prepayment penalty. The loan has been fully paid off as of June 30, 2025.

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