

**3RD STREET YOUTH CENTER & CLINIC**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

[CLAconnect.com](http://CLAconnect.com)

**3RD STREET YOUTH CENTER & CLINIC  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2021**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>4</b>
<b>STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
3rd Street Youth Center and Clinic  
San Francisco, California

We have audited the accompanying financial statements of 3rd Street Youth Center and Clinic, which comprise the statement of financial position as of June 30, 2021, the related statements of activities and changes in net assets, 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 from 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 entity'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 entity'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 3rd Street Youth Center & Clinic as of June 30, 2021, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Roseville, California  
October 13, 2021

**3RD STREET YOUTH CENTER & CLINIC  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 2,471,269
Accounts Receivable	1,027,671
Current Portion of Promises to Give	450,000
Other Receivables	123,984
Prepaid Expenses and Other Assets	36,881
Total Current Assets	4,109,805

**NON-CURRENT ASSETS**

Promises to Give, net of Current Portion	400,000
Property and Equipment, net	23,554
Total Non-Current Assets	423,554

Total Assets	\$ 4,533,359
--------------	--------------

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 40,295
Accrued Expenses	404,806
Wages Payable	82,025
Deferred Revenue	256,925
Total Liabilities	784,051

**NET ASSETS**

Without Donor Restrictions	2,899,308
With Donor Restrictions	850,000
Total Net Assets	3,749,308

Total Liabilities and Net Assets	\$ 4,533,359
----------------------------------	--------------

See accompanying Notes to Financial Statements.

**3RD STREET YOUTH CENTER & CLINIC  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Government Grants	\$ 2,988,732	\$ -	\$ 2,988,732
Contributions	<u>2,284,834</u>	<u>850,000</u>	<u>3,134,834</u>
Total Revenue and Support	<u>5,273,566</u>	<u>850,000</u>	<u>6,123,566</u>
<b>EXPENSES</b>			
Program Services Expenses:			
Housing Services Program	2,355,323	-	2,355,323
Education and Employment Services Program	144,346	-	144,346
Health Services Program	<u>631,222</u>	<u>-</u>	<u>631,222</u>
Total Program Services Expense	3,130,891	-	3,130,891
Supporting Services Expenses:			
Fundraising Expenses	32,370	-	32,370
Management and General Expenses	<u>379,680</u>	<u>-</u>	<u>379,680</u>
Total Supporting Services Expense	412,050	-	412,050
Total Expenses	<u>3,542,941</u>	<u>-</u>	<u>3,542,941</u>
<b>CHANGE IN NET ASSETS</b>	1,730,625	850,000	2,580,625
Net Assets - Beginning of Year	<u>1,168,683</u>	<u>-</u>	<u>1,168,683</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,899,308</u>	<u>\$ 850,000</u>	<u>\$ 3,749,308</u>

See accompanying Notes to Financial Statements.

**3RD STREET YOUTH CENTER & CLINIC  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021**

	Program Services				Supporting Services			Total Expenses
	Housing Services	Education and Employment Services	Health Services	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Payroll and Benefits	\$ 1,079,956	\$ 84,463	\$ 478,603	\$ 1,643,022	\$ -	\$ 58,373	\$ 58,373	\$ 1,701,395
Contractors and Consultants	685,848	640	19,424	705,912	32,370	161,037	193,407	899,319
Facilities	403,811	-	5,518	409,329	-	56,218	56,218	465,547
Stipends	22,746	56,264	85,416	164,426	-	-	-	164,426
Food Supplies	41,267	800	23,188	65,255	-	249	249	65,504
Insurance	2,536	-	-	2,536	-	37,810	37,810	40,346
Telecommunications	10,012	-	4,836	14,848	-	-	-	14,848
Licenses and Taxes	-	-	-	-	-	4,504	4,504	4,504
Office Supplies	7,953	769	1,131	9,853	-	1,132	1,132	10,985
Public Relations	1,200	-	1,090	2,290	-	1,799	1,799	4,089
Repairs and Maintenance	2,450	-	-	2,450	-	13,126	13,126	15,576
Technology and Software	1,589	-	75	1,664	-	14,523	14,523	16,187
Training and Development	13,832	1,035	2,025	16,892	-	318	318	17,210
Travel and Transportation	18,422	-	47	18,469	-	130	130	18,599
Miscellaneous Expenses	61,741	375	9,869	71,985	-	30,461	30,461	102,446
Depreciation Expense	1,960	-	-	1,960	-	-	-	1,960
<b>Total Expenses Included in the Expense Section of the Statement of Activities</b>	<b>\$ 2,355,323</b>	<b>\$ 144,346</b>	<b>\$ 631,222</b>	<b>\$ 3,130,891</b>	<b>\$ 32,370</b>	<b>\$ 379,680</b>	<b>\$ 412,050</b>	<b>\$ 3,542,941</b>

See accompanying Notes to Financial Statements.

**3RD STREET YOUTH CENTER & CLINIC  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 2,580,625
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	1,960
Changes in Operating Assets and Liabilities:	
Accounts Receivable	125,439
Pledges Receivable	(850,000)
Other Receivables	(123,984)
Prepaid Expenses	(36,881)
Accounts Payable	40,295
Accrued Expenses	401,672
Wages Payable	82,025
Deferred Revenue	256,925
Net Cash Provided by Operating Activities	2,478,076

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash Paid for Equipment	(25,514)
-------------------------	----------

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

2,452,562

Cash and Cash Equivalents - Beginning of Year

18,707

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 2,471,269

*See accompanying Notes to Financial Statements.*



**3RD STREET YOUTH CENTER & CLINIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following items comprise the significant accounting policies and other information of 3rd Street Youth Center & Clinic (the Organization). These policies reflect industry practices and conform to accounting principles generally accepted in the United States of America.

**Organization**

3rd Street Youth Center & Clinic is a multi-service youth health and wellness center for young people to improve their health, gain education, obtain employment and housing, and provide them with the political context and leadership skills needed to become self-advocates and stewards of social justice. The Organization was incorporated as a non-profit organization in California on March 19, 2015. Effective July 1, 2020, 3rd Street separated from its fiscal sponsor and began operations as a separate entity.

The Organization offers a comprehensive suite of holistic services that include:

- A full-service primary health care clinic that offers free youth physicals, referrals for specialists, STI treatment, rapid HIV testing/counseling, and pregnancy testing/counseling.
- Individual, family, and group therapy and clinical case management.
- Housing Services - housing-focused case management, rapid re-housing, problem-solving support, and access into San Francisco's Coordinated Entry System.
- Lower Polk Transition Age Youth Navigation Center - a homeless shelter for young people experiencing homelessness. Services include substance abuse, mental health, and education and employment.
- 3rd StrEATS - a food pantry/CSA program that gives young people free and fresh organic produce and food twice a week through partnerships with Imperfect Produce and the San Francisco Produce Market.
- HealthCore - a healthcare-focused workforce development program that prepares Transition Age Youth for careers in allied health.
- 3rd Street Leadership Academy - participants study health challenges and opportunities in the neighborhood, prioritize issues of concerns, develop action plans, and connect with grassroots activists and public officials to impact change.
- Youth Outreach Squad - youth learn about health and wellness and create health-focused outreach campaigns to share with their peers.
- Summer Health Education Program - held over the summer months, young people learn how to make informed choices about their health and the relationship between poverty, race, and chronic disease.

**3RD STREET YOUTH CENTER & CLINIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Financial Statement Presentation**

The Organization follows the recommendations of the Financial Accounting Standards Board (FASB). The FASB establishes standards for financial reporting by nonprofit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally imposed restrictions. A description of the two net asset categories is as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*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.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Expenses are reported as decreases in net assets. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as revenue of the net asset without restrictions class.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**3RD STREET YOUTH CENTER & CLINIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The Organization considers all cash and highly liquid financial instruments purchased with a maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

**Accounts Receivable**

Accounts receivable consists primarily of noninterest-bearing amounts due for program services provided and are carried at the original billing amount less an estimate for uncollectible receivables determined by management based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2021, management has determined that no allowance for uncollectible receivables is necessary.

**Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. Management has determined, based on these estimates, that the fair value of unconditional promises to give expected to be collected in future years does not differ materially from the net realizable value. An estimate for uncollectible promises to give is determined by management based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At June 30, 2021, management has determined that no allowance for uncollectible promises to give is necessary.

**Property and Equipment**

Additions to property and equipment over \$2,500 are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or, in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Management reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. During the year ended June 30, 2021, there were no indicators of asset impairment.

**3RD STREET YOUTH CENTER & CLINIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Revenue**

In July 2020, the Organization entered into a contract with a grantor to provide housing services to college-aged youth. The Organization received funding totaling \$324,990 during the fiscal year to provide services. Under the conditions of the contract, the Organization must return unspent funds to the grantor at the end of each grant year, or the funds may be carried forward to future years under the grant to further the objectives of the project. For the year ended June 30, 2021, the Organization recognized revenue under the contract of \$68,065, which is included as government grants revenue on the Statement of Activities and Changes in Net Assets, and received approval to carry forward funds totaling \$256,925, which is included as deferred revenue on the Statement of Financial Position.

**Revenue and Revenue Recognition**

Revenue under cost-reimbursable grants is recognized in the same period that the associated costs are recognized. Payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related expenditures are incurred. 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.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

Under applicable laws and regulations, the Organization has been determined to be exempt from federal and California income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the related California Revenue and Taxation Code. Accordingly, no provision for income taxes has been recorded in these financial statements.

**Uncertain Tax Positions**

Accounting guidance issued by the Financial Accounting Standards Board (FASB) prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Organization did not have unrecognized tax benefits as of June 30, 2021, and does not expect this to change significantly over the next twelve months.

**3RD STREET YOUTH CENTER & CLINIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Concentrations**

**Credit Risk:**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash, revenue, and accounts receivable.

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash deposits.

**Grant Revenue and Receivables:**

Revenue from two grantors made up 82% of revenue for the year ended June 30, 2021. Receivables from these two grantors made up 80% of accounts receivable as of June 30, 2021.

**Subsequent Events**

We have evaluated subsequent events through October 13, 2021, the date the financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The following table reflects the Organization's financial assets as of June 30, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year may also include net assets with donor restrictions.

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 2,471,269
Accounts Receivable	1,027,671
Current Portion of Promises to Give	450,000
Other Receivables	123,984
Total Financial Assets	<u>4,072,924</u>
Less: Amounts Not Available to be Used Within One Year	
Deferred Revenue	<u>(256,925)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 3,815,999</u></u>

**3RD STREET YOUTH CENTER & CLINIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 3 PROMISES TO GIVE**

Unconditional promises to give are estimated to be collected as follows at June 30, 2021:

<u>Year Ended June 30,</u>	
2022	\$ 450,000
2023	200,000
2024	200,000
Total Promises to Give	<u><u>\$ 850,000</u></u>

At June 30, 2021, one donor accounted for 100% of total promises to give.

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30, 2021:

Leasehold Improvements	\$ 25,514
Less: Accumulated Depreciation	1,960
Total Property and Equipment, net	<u><u>\$ 23,554</u></u>

Depreciation expense totaled \$1,960 for the year ended June 30, 2021.

**NOTE 5 OPERATING LEASES**

The Organization leases various locations under operating lease agreements that expire between February 2030 and May 2030. The monthly lease payments for these locations total \$950. Rental expense totaled \$53,719 for the year ended June 30, 2021.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 11,400
2023	11,400
2024	11,400
2025	11,400
2026	11,400
Thereafter	45,100
Total Minimum Lease Payments	<u><u>\$ 102,100</u></u>

**3RD STREET YOUTH CENTER & CLINIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 6 RISKS AND UNCERTAINTIES**

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2022 operations and financial results. Management believes that the Organization is taking appropriate actions to mitigate the negative impact; however, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.