CAMINAR
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

June 30, 2022

Caminar

BPM

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(A California Nonprofit Public Benefit Corporation)

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BPM

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee of Caminar
(A California Nonprofit Public Benefit Corporation)
San Mateo, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caminar (a California nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2022, 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 Caminar as of June 30, 2022, 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 ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Caminar 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.

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 Caminar's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 U.S. GAAS 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 U.S. GAAS and *Government Auditing Standards*, 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 Caminar'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 Caminar'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022 on our consideration of Caminar's internal control over financial reporting and on our 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 our 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 Caminar'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 Caminar's internal control over financial reporting and compliance.

BPM LLP

San Jose, California
October 17, 2022

CAMINAR
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION
As of June 30, 2022

ASSETS

Current assets:		
Cash and cash equivalents	$	3,304,952
Investments		41,473
Government contracts and program service fees receivable, net		5,970,568
Prepaid expenses and deposits		1,270,615
Total current assets		10,587,608
Government cost report receivable, net		2,015,214
Property and equipment, net		23,943,231
Total assets	$	36,546,053

LIABILITIES AND NET ASSETS

Current liabilities:		
Notes payable, current portion	$	575,106
Accounts payable and accrued expenses		588,215
Payroll and insurance payables		2,558,619
Refundable advances		3,152,378
Security deposits payable and deferred rent		162,621
Other liabilities		396,932
Total current liabilities		7,433,871
Accrued interest payable		31,141
Unfunded pension liabilities		222,904
Notes payable, net of current portion		4,331,210
Total liabilities		12,019,126
Commitments and contingencies (Note 14)		
Net assets:		
Without donor restrictions		23,277,634
With donor restrictions		1,249,293
Total net assets		24,526,927
Total liabilities and net assets	$	36,546,053

CAMINAR
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES
For the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government contracts	$ 36,359,736	$ -	$ 36,359,736
Program service fees	1,220,368	-	1,220,368
Resident contributions	1,192,102	-	1,192,102
Social venture income	1,106,031	-	1,106,031
Rental income	664,786	-	664,786
Private grants and contracts	181,435	707,650	889,085
Donations in-kind	308,297	-	308,297
Donations	535,500	40,733	576,233
Governmental assistance in-kind	671	-	671
Special event contributions	411,016	-	411,016
Other income	76,933	-	76,933
Net assets released from restrictions	888,313	(888,313)	-
Total support, revenue and other income	42,945,188	(139,930)	42,805,258
Expenses:			
Program services:			
Prevention services	2,600,836	-	2,600,836
Treatment and intervention services	22,422,286	-	22,422,286
Recovery services	11,443,684	-	11,443,684
Total program services	36,466,806	-	36,466,806
Supporting services:			
Management and general	5,097,346	-	5,097,346
Fundraising	1,163,593	-	1,163,593
Total supporting services	6,260,939	-	6,260,939
Total expenses	42,727,745	-	42,727,745
Change in net assets from operations	217,443	(139,930)	77,513
Other changes:			
Gain from pension fund	89,446	-	89,446
Total other changes	89,446	-	89,446
Change in net assets	306,889	(139,930)	166,959
Net assets at beginning of year	22,970,745	1,389,223	24,359,968
Net assets at end of year	$ 23,277,634	$ 1,249,293	$ 24,526,927

CAMINAR
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2022

	Program Services				Supporting Services			
	Prevention Services	Treatment and Intervention Services	Recovery Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 1,517,126	$ 13,079,421	$ 6,675,358	$ 21,271,905	$ 3,086,488	$ 677,134	$ 3,763,622	$ 25,035,527
Employee benefits	237,435	2,046,969	1,044,714	3,329,118	487,682	58,771	546,453	3,875,571
Employer taxes and insurance	135,401	1,167,317	595,765	1,898,483	208,636	46,713	255,349	2,153,832
	1,889,962	16,293,707	8,315,837	26,499,506	3,782,806	782,618	4,565,424	31,064,930
Client rent	161,758	1,394,548	711,737	2,268,043	-	-	-	2,268,043
Contracted and professional services	111,649	962,547	491,256	1,565,452	412,033	137,661	549,694	2,115,146
Rent	136,949	1,180,667	602,578	1,920,194	115,932	35,740	151,672	2,071,866
Utilities and telephone	54,465	469,551	239,645	763,661	53,426	5,915	59,341	823,002
Office and computer supplies	39,700	342,261	174,680	556,641	209,616	44,288	253,904	810,545
Client expense	35,556	306,533	156,445	498,534	4,951	64,818	69,769	568,303
Occupancy	34,008	293,191	149,636	476,835	977	3,150	4,127	480,962
Staff recruitment, screening and training	22,252	191,836	97,908	311,996	44,713	2,933	47,646	359,642
Memberships, dues and subscriptions	22,133	190,815	97,386	310,334	32,695	5,010	37,705	348,039
Insurance	15,797	136,186	69,505	221,488	88,344	1,379	89,723	311,211
Travel and vehicles	17,779	153,276	78,228	249,283	25,552	451	26,003	275,286
Donated food distributed	11,900	102,595	52,362	166,857	63,416	-	63,416	230,273
Payroll and bank charges	1,156	9,970	5,088	16,214	113,347	5,218	118,565	134,779
Interest expense	6,117	52,737	26,915	85,769	36,080	-	36,080	121,849
Marketing, advertising and promotions	511	4,406	2,249	7,166	3,178	74,069	77,247	84,413
Staff and Board of Directors functions and retreats	2,989	25,769	13,152	41,910	11,244	582	11,826	53,736
Miscellaneous	131	1,126	574	1,831	45,320	(239)	45,081	46,912
Bad debt	2,224	19,169	9,783	31,176	11,119	-	11,119	42,295
Total expenses before depreciation and amortization	2,567,036	22,130,890	11,294,964	35,992,890	5,054,749	1,163,593	6,218,342	42,211,232
Depreciation and amortization	33,800	291,396	148,720	473,916	42,597	-	42,597	516,513
Total expenses	$ 2,600,836	$ 22,422,286	$ 11,443,684	$ 36,466,806	$ 5,097,346	$ 1,163,593	$ 6,260,939	$ 42,727,745
Percentage	6%	52%	27%		12%	3%		100%

CAMINAR
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STATEMENT OF CASH FLOWS
For the year ended June 30, 2022

Cash flows from operating activities:	
Change in net assets	$ 166,959
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	516,513
Realized and unrealized gain on investments	333
Donated investment securities	(11,920)
Bad debt expense	42,295
Increase in operating assets:	
Government contract and program service fees receivable	(1,281,322)
Prepaid expenses and deposits	(399,908)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	41,172
Payroll and insurance payables	520,160
Refundable advances	91,257
Security deposits payable and deferred rent	1,906
Unfunded pension liability	(171,126)
Other liabilities and accrued interest payable	(7,479)
Net cash used in operating activities	(491,160)
Cash flows from investing activities:	
Proceeds from withdrawal of endowment funds	13,140
Purchase of property and equipment	(25,520)
Net cash used in investing activities	(12,380)
Cash flows from financing activities:	
Proceeds from notes payable borrowings	7,525
Payments on notes payable	(91,804)
Net cash used in financing activities	(84,279)
Decrease in cash and cash equivalents	(587,819)
Cash and cash equivalents, beginning of the year	3,892,771
Cash and cash equivalents, end of the year	$ 3,304,952
Supplementary information:	
Cash paid for interest	$ 121,849

1. Organization

Caminar (the "Organization"), headquartered in San Mateo, California, is a nonprofit public benefit corporation with nearly 60 years of experience. Last year, Caminar transformed the lives of more than 14,000 youth and adults across San Mateo, Santa Clara, San Francisco, Solano and Butte counties. Driven by compassion, science and its understanding of root causes, Caminar delivers high-quality education, prevention, treatment, and recovery services to those with complex mental health, substance use, and co-occurring needs. Caminar understands that quality behavioral health outcomes occur when a person is supported in all their basic human needs, and it actively partners with its clients and the community to address the social determinants of health that lead to sustained well-being. Caminar is here to empower and support the most vulnerable members of our community to move toward resilience, wellness, and independence.

Most program beneficiaries, referred to as clients, come from low- and very low-income households, and many are homeless at the time of their referral. Clients typically face multiple barriers and stressors that co-occur with, and/or result from, their behavioral health conditions. These co-occurring conditions include serious medical problems, histories of trauma, legal issues, unstable housing, family violence or abuse, lack of income and resources, and inadequate or non-existent social supports.

Through its diverse and growing portfolio of programs, Caminar seeks to prevent and to alleviate underlying issues affecting the overall health and wellness of individuals, families, and communities. The Organization's activities are described as follows:

Education services seek to address the social and community barriers to wellness by organizing and participating in events focused on creating environments that embody the values of equity, diversity, and inclusion; reducing the social stigma of mental illness; sharing stories of recovery; and providing extensive outreach and education services.

Prevention services aim to prevent the onset of behavioral health issues and to intervene early when symptoms emerge. Research shows that the interconnected nature of health factors means that effective prevention in one area can have a positive effect in another area. For example, improving mental health may reduce the risk of substance abuse. The Organization's prevention services include school-based youth and family support services, the Healing and Reduction of Trauma in Schools ("HARTS") trauma-informed schools initiative, family violence and abuse prevention programs, and LGBTQ (lesbian, gay, bisexual, transgender, queer) youth and young adult wellness and peer support programming.

Treatment and intervention services provide expert, individualized assistance for youth and adults coping with mental health and/or substance use disorder and related needs. Clinicians tailor treatment and supportive services to clients' individual needs, so that clients may stabilize from a crisis, learn to manage their conditions, and make progress toward their goals. The Organization's treatment services include crisis residential treatment, individual and family therapy, mental health case management, domestic violence survivor services, and residential and outpatient substance use treatment.

Recovery services provide critical support to empower individuals and families on their recovery journeys. Programs teach and model wellness tools and skills, strengthen connections with personal support networks, and address factors that influence stability and wellness. Recovery services include supported housing, supported education, supported employment (Jobs Plus), and peer support programming.

1. Organization, continued

Several of the Organization's programs are accredited by the internationally recognized accrediting body Commission for the Accreditation of Rehabilitation Facilities ("CARF"). CARF's mission is to promote the quality, value, and optimal outcomes of services through a consultative accreditation process that centers on enhancing the lives of the persons served. As an accredited service provider, the Organization has met high accountability standards and demonstrated conformance to internationally accepted standards that promote excellence. The Organization has achieved this accreditation in the areas of Assertive Community Treatment, Case Management/Services Coordination, Crisis Stabilization, Community Integration, Community Employment Services (Job Development, Employment Supports and Planning Services), and Residential Treatment (Mental Health).

The Organization also operates social enterprises, which raise funds to reinvest in the Organization's mission. These enterprises include a concierge style behavioral health division (Olivos), housing complexes, and client-operated businesses which are located in Butte County.

More information about programs and their outcomes are available at www.caminar.org.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Measure of Operation

The Organization includes in its measure of operation all support and revenue and expenses that are an integral part of its programs and supporting activities. The measure of operations (change in net assets from operations) does not include other non-operating income that took place during the current year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

The Organization receives payments from San Mateo County to provide mental health services to its eligible residents. Management estimates the amount of revenue at the time reimbursement reports are submitted to the County. Amounts received in excess of the estimated revenue amount are reported as refundable advances. The refundable advance is adjusted to reflect the surplus amount, if any, of the contract that is approved to be carried over into the following year.

Subsequent to the end of the year, the Organization prepares a cost report for all costs during the fiscal year and receivables are adjusted at the time of annual reconciliation.

2. Summary of Significant Accounting Policies, continued

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets, as applicable: without donor restriction and with donor restriction.

Net Assets Without Donor Restrictions – includes the operating fund and board designated funds. These funds record the net assets over which the Board of Directors has discretionary control and which are used to carry out operations of the Organization in accordance with its bylaws. There is an equipment fund that represents the amount invested in property and equipment, net of the related loan balance of $19,005,774 as of June 30, 2022. The remaining balance of net assets without donor restriction make up the operating fund, which had a balance of $4,271,860 as of June 30, 2022.

Net Assets With Donor Restrictions – includes resources currently available for use, but expendable only for those operating purposes specified by the donor or funding source. The Organization does not imply a time restriction on gifts of long lived assets. Resources of this fund originate from gifts, grants and bequests.

Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Not included as cash are funds restricted as to their usage, regardless of liquidity. The Organization occasionally maintains cash on deposit at banks in excess of the Federal Deposit Insurance Corporation limit. Management does not believe the Organization is exposed to any significant risk on cash accounts. Cash equivalents represent money market funds or short-term investment with original maturities of three months or less from the date of purchase.

Investments

Investments are stated at fair value based on quoted market prices provided by investment managers. Dividends and interest are accrued as earned and recorded as unrestricted revenue unless income is restricted by the donor. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

U.S. GAAP establish a hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair value determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

2. Summary of Significant Accounting Policies, continued

Fair Value Measurements, continued

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The Organization did not have any Level 3 assets or liabilities as of June 30, 2022.

Government Contracts and Program Service Fees Receivable

Receivables arise principally from charges to funding sources for current expenses. The Organization reviews accounts receivable on an ongoing basis to determine collectability. Balances that are determined to be uncollectible are written off against the allowance for doubtful accounts. The Organization recorded an allowance for doubtful accounts of $12,642 as of June 30, 2022.

Government Cost Reports Receivable

The Organization enters into an annual contract with the County of San Mateo to provide mental health services to its eligible residents. The estimated billing in excess of costs to be reimbursed is recorded as a refundable advance. Any costs in excess of billings are recorded as government cost reports receivable. At the end of a contract year, the Organization determines an estimate of allowable costs that they believe will be reimbursed and submits it to the County. An analysis is completed by the County during which a computation of a Maximum Allowable Reimbursement ("MAR") is completed. The MAR is computed based on the units of service and the allowable cost per unit. Once the determination is received from the County, the Organization adjusts the refundable advance or government cost reports receivable accordingly. If the MAR exceeds the costs, the reimbursed revenue is recognized and the surplus is applied to the following year as a refundable advance. If the cost exceeds the MAR, the reimbursed revenue is recognized as a receivable related to the County contract.

As of June 30, 2022, the Organization had a receivable of $589,019 from San Mateo County for services performed in fiscal years 2011-2015 and is in ongoing negotiations to reach a final settlement. The most recent discussion related to this receivable was in 2017.

2. Summary of Significant Accounting Policies, continued

Government Cost Reports Receivable, continued

The Organization distinguishes certain Medi-Cal related contracts as a separate class of receivables due to the unique billing and settlement process, which can take more than a year to finalize. The Organization is in settlement process with the County of Santa Clara for its fiscal year contracts from 2008 through 2020. The Organization only bills for services which are allowed in accordance with the terms of the applicable contracts; however, an allowance is set to reflect the Organization's expectation on final settlement. As of June 30, 2022, the Organization considers the net account receivable related to these contracts of $1,426,195 to be fully collectable.

As of June 30, 2022, the Organization has $2,015,214 recorded as long-term government cost reports receivable.

Property and Equipment, Net

Property and equipment, net are stated at cost of acquisition or construction or at fair value if donated. The cost of maintenance and repairs are charged to expense as incurred. Depreciation is based on the straight-line method over the estimated useful lives of the assets.

The Organization capitalizes and depreciates significant assets with values of $5,000 or more. However, certain assets, such as flooring replacements, furniture and equipment, that usually have useful lives longer than one year are frequently replaced, and are expensed accordingly. The useful lives of the assets are estimated as follows:

Building and improvements	7 to 40 years
Leasehold improvements	5 to 10 years
Household furnishings and equipment	5 to 7 years
Office furniture and equipment	5 years
Vehicles	5 to 10 years

Refundable Advances

The Organization recognizes support and revenue in the form of conditional contributions. As of June 30, 2022, the refundable advances balance represents advanced payments received from various government agencies. These amounts will be recognized when the conditions are met.

2. Summary of Significant Accounting Policies, continued

Forgivable Loans

In previous years, the Organization received forgivable loans which were used for the development of certain projects. These loans will be forgiven as long as the Organization complies with certain terms and conditions of the loan throughout the loan term. If these conditions are not met, the monies would have to be repaid in full with accrued interest at varying interest rates. These loans are accounted for as contributions with donor restriction when received, because the funds carry with them a restriction for the number of years the property must be used for housing. Management believes they will be able to comply with the terms and conditions of these loans throughout the loan terms (see Note 14 for additional details).

Revenue Recognition

Contributions, Donations, and Private Grants

Contribution revenue is recognized when contributions are received or promised. All contributions are considered available for general operations unless specifically restricted by the donor.

The Organization reports contributions as donor restricted if such contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, donor restricted net assets are reclassified as net assets without donor restrictions and reported as net assets released from restrictions.

Government Contracts

The Organization receives government awards and has determined that the asset transfers are contributions, as the resource provider does not receive commensurate value in exchange for the assets transferred. A contribution is considered to be conditional when one or more barriers exist and the right to receive or retain payment or delivery of the promised asset is conditioned on meeting those barriers. The awards are considered conditional contributions due to the limited discretion as result of the specific requirements on how the assets may be spent. The majority of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Conditional contributions with conditions met and restrictions released in the same period are recorded as contributions without donor restrictions. Amounts received prior to incurring qualifying expenditures for which a barrier and right to return exist are reported as refundable advances in the statement of financial position. As of June 30, 2022, approximately 85% of the Organization's funding came from governmental contracts.

2. Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Program Service Fees

The Organization recognizes revenue in accordance with the five-step revenue recognition model; the Organization recognizes revenue when control of promised facilities or services is provided to customers in an amount that reflects the consideration to which the Organization expects to be entitled to in exchange for using those facilities or services.

The Organization determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, a performance obligation is satisfied.

Program service fees include private grants, resident contributions, affordable housing income, and social venture income. Each service includes only one performance obligation that is satisfied simultaneously as clients receive the services at a point in time. For certain contracts, the Organization is required to charge a variable fee based on a determination of the ability to pay. In the event that a client may have access to other resources, such as insurance, the full fee portion is billed to the third-party payer. If the amount billed to the third-party payer is subsequently determined to be uncollectible, either in whole or in part, the unpaid balance is written off.

The Organization's contracts do not include highly variable components. The timing of revenue recognition, billings, and cash collections can result in billed accounts receivable, unbilled receivables (contract assets), and refundable advances (contract liabilities). The Organization had no unbilled receivables for the year ended June 30, 2022. All of the Organization's performance obligations for the year ended June 30, 2022 were satisfied and recorded at a point in time in the same reporting period.

Special Events

The Organization conducts two special events per year – In Concert with Caminar and Caminar's Speakers Series. The donation revenue is recognized when the money is received for the current year's event. If amounts received are for a future year's event, the Organization will record unearned revenue. For special events conducted solely as fundraising activities, special event costs are reported as direct benefits to donors. All other direct and indirect costs are reported as fundraising expenses when incurred.

2. Summary of Significant Accounting Policies, continued

Fundraising Costs

Fundraising costs are expensed as incurred.

Donated Goods and Services

Donated goods are recorded at their estimated fair value as of the date of the donation. Donated services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise, but which improve the efficiency of the Organization's operations. The value of these donated services is not reflected in the financial statements.

Functional Expense Allocation

Directly identifiable expenses are charged to program and support services. Expenses related to more than one function are charged to program and supporting services based on actual employee time incurred and on usage of resources.

The costs of providing program services and supporting services are summarized on a functional basis in the statement of activities and statement of functional expenses. Certain costs are allocated among program services and supporting services based on actual employee time incurred and on usage of resources.

Income Taxes

The Internal Revenue Services has determined that the Organization is exempt from federal income taxes under Section 501(c)(3)of the Internal Revenue Code. The Franchise Tax Board has determined that the Organization is exempt from state income taxes under Section 23701d of the California Revenue Taxation Code. Accordingly, no provision for income taxes have been made in the accompanying financial statements. However, income from activities not related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* ("ASU 2016-02"). The objective of ASU 2016-02 is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet for leases with a lease term of more than 12 months. In addition, ASU 2016-02 will require additional disclosures regarding key information about leasing arrangements. Under existing guidance, operating leases are not recorded as lease assets and lease liabilities on the balance sheet. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact of the adoption of ASU 2016-02 and the various subsequent amendments that were issued by the FASB on its financial statements.

2. Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements, continued

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities: Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"). The amendments in ASU 2020-07 require that Not-for-Profit entities present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. ASU 2020-07 also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets an entity has received. ASU 2020-07 is effective for the Organization's fiscal year 2022 financial statements. Early adoption is permitted. The Organization has implemented this new requirement in the fiscal year of 2022.

3. Liquidity and Availability

The Organization has $9,210,355 of financial assets available to meet cash needs for general expenditures over the next twelve months. Assets consists of cash, receivables and short term investments. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of financial statements.

Financial assets available for operations as of June 30, 2022:

Cash and cash equivalents	$	3,304,952
Government contracts and program service fees receivable, current		5,970,568
Investments		41,473
Total		9,316,993
Less: net assets with donor purpose restriction (Note 10)		(106,638)
	$	9,210,355

The Organization receives significant funding (85% of total revenue) from government contracts each year. The payment term for the majority of the government contracts is 45 days. The Organization strives to maintain financial assets sufficient to cover 45 days of general expenditures (approximately $5.3M). The Organization has $9,210,355 of financial assets plus $3,000,000 of line of credit for a total of $12,210,355 available to meet cash needs for general expenditures as of June 30, 2022. Financial assets consists of cash, receivables and short-term investments. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of financial statements other than as shown in the table above.

4. Fair Value Measurement - Cash and Cash Equivalents and Investments

The following table summarizes the Organization's financial assets measured at fair value on a recurring basis:

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$ 39,093	$ -	$ -	$ 39,093
Certificate of deposit	-	1,440,462	-	1,440,462
Foundation pool funds	-	2,380	-	2,380
	$ 39,093	$ 1,442,842	$ -	$ 1,481,935

The Organization's valuation methodologies used for assets measured at fair value is a market approach. Fair values for assets in Level 2 are calculated using amortized cost which approximates fair value. There were no changes in methodologies used from year to year.

5. Receivables

Receivables consisted of the following as of June 30, 2022:

Government contracts and program services fee receivables:	
Government contract receivables	$ 5,941,340
Program service fee receivables	31,870
Allowance for doubtful accounts on program receivables	(12,642)
Pledges receivables	10,000
Total government contracts and program services fee receivables, net	5,970,568
Government cost reports receivables:	
Santa Clara County	2,509,484
Allowance for doubtful accounts on Santa Clara County cost reports, net	(1,083,289)
San Mateo County contract receivables, net	589,019
Total government cost reports receivables	2,015,214
Total receivables	$ 7,985,782

The government contracts receivables are related to various governmental contracts. As of June 30, 2022, the Organization considers the account receivable related to these contracts to be fully collectable within one year.

6. Property and Equipment, Net

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

Land	$	15,227,120
Buildings and improvements		12,302,330
Furniture and fixtures		554,325
Vehicles		628,944
Leasehold improvements		558,768
Capitalized lease assets		347,727
		29,619,214
Less: accumulated depreciation and amortization		(5,675,983)
Total property and equipment	$	23,943,231

Depreciation and amortization expense was $516,513 for the year ended June 30, 2022.

7. Notes Payable

Notes payable are secured by the property (unless otherwise noted) and consisted of the following as of June 30, 2022:

248 Redwood Avenue San Mateo County loan, in the original amount of $30,000, bears simple interest of 3% per annum, and has no payment required until April 2034 when the loan matures. The note is secured by a Deed of Trust.	$	30,000
Hawthorne House San Mateo County loan, in the original amount of $275,000, non-interest bearing and matured on May 19, 2022. No payments are to be made during the term of the loan. The note is secured by a Deed of Trust. Caminar and the lender are currently in discussions regarding the loan payment or forgiveness acceptance and, as such, this loan is classified as current.		275,000

7. Notes Payable, continued

Hawthorne House, continued San Mateo County loan, in the original amount of $125,000, non-interest bearing and matured on May 19, 2022. No payments are to be made during the term of the loan. The loan is secured by a Deed of Trust. Caminar and the lender are currently in discussions regarding the loan payment or forgiveness acceptance and, as such, this loan is classified as current.	125,000
San Mateo County loan, in the original amount of $90,000, non-interest bearing and matured on March 27, 2022. No payments are to be made during the term of the loan. The note is secured by a Deed of Trust. Caminar and the lender are currently in discussions regarding the loan payment or forgiveness acceptance and, as such, this loan is classified as current.	90,000
San Mateo County loan, in the original amount of $15,288, non-interest bearing and matured on March 27, 2022. No payments are to be made during the term of the loan. The note is secured by a Deed of Trust. Caminar and the lender are currently in discussions regarding the loan payment or forgiveness acceptance and, as such, this loan is classified as current.	15,288
County of San Mateo - Department of Housing Project 90, which has merged with the Organization, obtained a loan from San Mateo County Department of Housing that is non-interest bearing and for the period of October 1, 2016 to September 30, 2046. No payments are to be made during the term of the loan. The note is secured by a Deed of Trust. Upon maturity of the note or due to acceleration of the note upon sale or default, any proceeds from the payment of the note shall be disbursed to the County according to its beneficial interest in the property.	2,222,386
Vehicles A vehicle is being used for programs, bears interest of 5.99%, and a monthly payment of approximately $600. The loan is to be repaid in full on maturity date of July 2024 and is secured by the vehicle title.	14,054

7. Notes Payable, continued

Heritage Bank of Commerce		
In December 2017, the Organization refinanced the 375 Cambridge Avenue Palo Alto property with Heritage Bank, in the original amount of $920,000 that will mature on January 2, 2028. The interest rate is 4.25%. The loan is secured by real property and a Deed of Trust.		742,564
In October 2018, the Organization refinanced the 792 S. 3rd Street San Jose property with Heritage Bank, in the original amount of $600,000, bearing interest at 5.98%. Monthly principal and interest payments of $3,891 are due until October 17, 2028, at which time an estimated final principal and interest payment of $456,467 will be due. The loan is secured by a Deed of Trust.		556,513
In October 2018, the Organization refinanced the 137 Elm St. San Mateo property with Heritage Bank, in the original amount of $900,000, bearing interest at 5.98%. Monthly principal and interest payments of $5,836 are due until October 17, 2028, at which time an estimated final principal and interest payment of $684,701 will be due. The loan is secured by a Deed of Trust. The Organization was able to remain in compliance with financial covenants.		835,511
Total notes payable		4,906,316
Current portion of notes payable		(575,106)
Notes payable, net of current portion	$	4,331,210

The Organization has several financial covenants related to their Heritage Bank loans. The Organization was in compliance with these covenants as of June 30, 2022.

Principal payments on notes payable for the next five years and thereafter are estimated as follows as of June 30, 2022:

Year ending June 30:		
2023	$	575,106
2024		73,198
2025		72,687
2026		74,307
2027		78,273
Thereafter		4,032,745
	$	4,906,316

8. Line of Credit

The Organization has a loan agreement with a bank for a revolving line of credit with an authorized limit of $3,000,000 maturing on July 2, 2024. The outstanding principal bears an interest rate of Prime Rate plus 0.25% (currently 5.00%) and is secured by a Deed of Trust. There was no balance outstanding as of June 30, 2022.

9. Refundable Advances

Government awards are considered to be conditional contributions as the right to retain payment is conditioned on meeting certain barriers. These barriers include the limited discretion in how the awards may be spent. Conditional contributions are recognized in the period in which the Organization spends the award funds on qualifying expenses. The refundable advance balance of $3,152,378 represents grant awards received in advance, in which the conditions have not yet been met as of June 30, 2022.

Conditional grants received by the Organization that have not been recognized as of June 30, 2022, because the required conditions have not yet been met, consisted of the following as of June 30, 2022:

Cost Reimbursement based on hours worked and expense incurred	$	33,029,973
Fee For Service - Per diem based on clients served		7,192,564
	$	40,222,537

These signed grant agreements can be cancelled by the grantor with 30 days' notice to the Organization.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30, 2022:

Purpose restricted:		
San Mateo Programs	$	61,600
Santa Clara Programs		25,501
COVID Relief Fund		11,527
Solano Programs		8,010
Total purpose restricted		106,638
Time restricted - forgivable loans		1,142,655
Total restricted net assets	$	1,249,293

10. Net Assets With Donor Restrictions, continued

The following net assets were released from restrictions during the year ended June 30, 2022:

Santa Clara Programs	$ 254,074
Jobs Plus vocational services	178,276
All Programs	119,091
San Mateo Programs	93,075
Bridges to Wellness	77,924
COVID Relief Fund	74,984
Forgivable Loan - Time restricted	50,000
Food Pantry	22,705
Solano Programs	18,184
Total restricted net assets released	$ 888,313

11. Donations In-kind

Donations in-kind consisted of the following as of June 30, 2022:

	Revenue Recognized	Program / Activity Utilization	Donor Restrictions	Valuation Techniques and Inputs
Food	$ 230,274	San Mateo and Santa Clara Programs	None	Valuations were provided by Second Harvest of Silicon Valley and Food Bank of Contra Costa & Solano in Annual Valuation Letters.
Computer Equipment	64,694	All Programs	None	Fair Market Value of the donated goods was provided by Cisco.
Services	14,000	Project Ninety Programs	None	The value of the donated service was provided by Housing Industry Foundation.
	$ 308,968			

12. Leases

Operating Leases

The Organization entered into a five-year master lease of a 38-unit apartment building located in San Mateo County, which commenced October 1, 2011 with two five-year renewal options. The base monthly rent at commencement was $28,333. Increases in the base rent are scheduled to occur every two years and shall be the greater of: (a) the fair market rental value of the premises, not to exceed three percent (3%) of the then applicable base rent, or (b) $340,000 per year. The lease was renewed in the fiscal year 2020 and the current lease will end in September 2026. The Organization leases the individual apartment units to program clients and other low-income individuals under month-to-month leases.

The Organization entered into a ten-year master lease of a multi-tenant office located in San Mateo County, which commenced on August 1, 2012. The base monthly rent at commencement was $28,851. Increases in the base rent are scheduled to occur every twelve months at 3%. The Organization leases the space for administrative offices and for client clinical services. The lease will end January 2023.

The Organization entered into a five-year master lease of an office facility located in San Jose, California, which commenced on December 1, 2017. The base monthly rent at commencement was $23,912 subject to approximately a 3% annual increase. On October 13, 2022, the lease was extended for an additional five years to February 2028, with an increased base monthly rent of $29,346.

The Organization entered into a five-year master lease of an office facility located in San Jose, California, which commenced on August 1, 2019. The base monthly rent at commencement was $30,334, subject to approximately a 3% annual increase. The lease will end July 2024.

The Organization leases office facilities in counties which it operates, as well as leases for various office equipment and storage units, with monthly rents ranging from $1,000 to $9,000. These leases are set to expire through June 2025.

In April 2022, the Organization entered into a ten-year lease to commence upon completion of tenant improvements. The monthly rent at commencement will be $42,674 starting in December 2023 and has annual rent increases. The lease will end in November 2032.

Rent expense, inclusive of the aforementioned leases, was $2,071,866 for the year ended June 30, 2022. Future minimum lease payments are estimated as follows:

Year ending June 30:	
2023	$ 2,342,847
2024	2,120,281
2025	1,709,815
2026	1,392,802
2027	1,111,540
Thereafter	5,361,439
	$ 14,038,724

12. Leases, continued

Reimbursable Leases and Guarantees

The Organization has monthly leases and guaranteed lease payments in connection with its Satellite Housing programs. Under these programs, the Organization either leases the apartments directly or guarantees the rental of leases undertaken by the participants. The Organization receives full reimbursement for rentals from the participants and/or from various government and private supportive housing programs. Most leases are on a month-to-month basis.

Total rents paid for and collected from clients before such participant reimbursements as of June 30, 2022 were as follows:

Amount collected	$	664,786
Amount paid	$	2,268,044

13. Employee Benefit Plans

The Organization sponsors a 401(k) plan (the "Plan"). Eligible employees may participate on the first of the month following date of hire and are match eligible after one year of service. Employees are vested as to employer contributions and earnings thereon after two additional years of service. Once an employee completes one year of employment, the Organization matches 100% of the employee's contribution up to 4% of their salary/wages. The Organization contributed $422,034 to the Plan for the year ended June 30, 2022. Additional discretionary amounts may be contributed on an annual basis. For the year ended June 30, 2022, the Organization did not contribute additional discretionary amounts to the Plan.

The Organization is the Plan administrator and owner of a 457(b) Top Hat deferred compensation plan that is available to a group of management or highly compensated employees, and was effective November 1, 2015. All contributions were equal to the amounts by which the participants had reduced their compensations pursuant to the salary Reduction Agreements of the participants. The participants were 100% vested in the balances of the participants' accounts attributable to elective deferrals.

As part of acquisition of Project 90 ("P90"), the Organization assumed a contribution Pension plan. P90 has a qualified, noncontributory defined benefit retirement plan (the "Pension Plan"), which previously covered substantially all of its regular employees. There was an amendment effective June 30, 2006, which froze all future accruals under the Pension Plan. The benefits are based upon a percentage of the average monthly earnings for the three consecutive calendar years proceeding retirement. The benefits are reduced by 50% of the employee's social security benefit. An employee became fully vested upon completion of six years of qualifying service. Non-key employees are entitled to a minimum benefit based upon the average of the highest five consecutive annual salaries, subject to certain restrictions. It is the policy of the Organization to pay all of the Pension Plan costs determined by the actuary necessary to maintain the Pension Plan.

13. Employee Benefit Plans, continued

The following tables set forth the Pension Plan's funded status as provided by the consulting actuaries as of June 30, 2022:

Change in projected benefit obligation:		
Benefit obligation as of July 1, 2021	$	870,554
Interest cost		23,844
Actuarial loss		(181,752)
Benefits paid		(44,349)
Projected benefit obligation as of June 30, 2022	$	668,297

Change in Pension Plan assets:		
Fair value of assets as of July 1, 2021	$	476,524
Actual contributions		81,680
Actual return on Pension Plan assets		(68,462)
Benefits paid		(44,349)
Fair value of assets as of June 30, 2022	$	445,393

The following table sets forth the Pension Plan's funded status as provided by the consulting actuaries as of June 30, 2022:

Fair value of assets of the Pension Plan	$	445,393
Projected benefit obligation		668,297
Funded status	$	(222,904)

Amounts recognized in the statement of financial position were as follows as of June 30, 2022:

Pension liability	$	222,904

Amounts included in net assets without donor restrictions consisted of the following as of June 30, 2022:

Current pension liability	$	222,904
Prior pension liability as of July 1, 2021		394,030
Change recognized in current year statement of financial position	$	(171,126)

13. Employee Benefit Plans, continued

Net periodic pension cost included the following components as of June 30, 2022:

Interest cost	$	23,844
Actual return on Pension Plan assets		(68,462)
Amortization of actuarial loss		26,553
Net periodic pension cost	$	(18,065)

Assumptions used to determine benefit obligations were as follows as of June 30, 2022:

Discount rate	4.48%
Rate of compensation increases	0.00%
Expected long-term rate of return on assets	5.00%
Measurement date	6/30/2022

Additional year-end information as of June 30, 2022:

Projected benefit obligation	$	668,297
Accumulated benefit obligation	$	668,297
Fair value of Pension Plan assets	$	445,393

The fair values of the Pension Plan assets by asset class were as follows as of June 30, 2022:

	Level 1	Level 2	Total
Cash and cash equivalents	$ 22,620	$ -	$ 22,620
Equity securities	373,178	-	373,178
Fixed income securities	40,190	-	40,190
Miscellaneous	9,405	-	9,405
Total	$ 445,393	$ -	$ 445,393

The policy of the Pension Plan is to provide for growth of principal through diversification in a portfolio of common stocks, bonds, cash equivalents, and other investments which may reflect varying rates of return. Although there is no specific allocation to cash equivalents, the percentage of total assets allocated to cash equivalents at any time should be sufficient to assure enough liquidity to meet benefit disbursements and general operating expenses.

To develop the expected long-term rate of return on assets assumption, the Organization considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio. This resulted in the selection of the 5.0% long-term of return on assets assumption for the year ended June 30, 2022.

13. Employee Benefit Plans, continued

Estimated future pension benefit payments are as follows for the nineteen-year project period:

Year ending June 30:		
2023	$	191,980
2024		45,118
2025		41,148
2026		39,618
2027		42,233
Aggregate 5 fiscal years thereafter (2028-2030)		187,634
Total	$	547,731

14. Commitments and Contingencies

Forgivable Loans

In connection with Avenidas Gardens (Housing Project) located in Chico, California, the Organization executed a promissory note in the original amount of $144,000 in favor of Tri-Counties Bank for the construction of Avenidas Gardens. The note is non-interest bearing and the principal shall be forgiven 15 years after the issuance of a certification of occupancy in December 2022.

In connection with Avenidas Gardens (Housing Project) located in Chico, California, the Organization executed a promissory note in the original amount of $250,000 in favor of the City of Chico for the construction of Avenidas Gardens. The note bears 3% simple interest and matures on October 30, 2035. Payments of interest and principal shall be deferred until the Organization sells, refinances, or transfers the Housing Project. If the Organization is in full compliance with the conditions set forth in the loan agreement, the Organization will have no obligation to repay any accrued and unpaid interest. In addition, the principal balance will be forgiven and the loan shall become a grant in October 2025.

In connection with Avenidas Gardens (Housing Project) located in Chico, California, the Organization executed a promissory note in the original amount of $548,655 in favor of the City of Chico for the construction of Avenidas Gardens. The note bears 2% simple interest from August 2007 through August 2032, and matures on June 14, 2062. The note requires annual payments of $8,500 payable to the extent of 75% of the annual available residual receipts, as defined in the loan agreement. The payments will be applied towards outstanding interest during the first 25 years. If the residual receipts are insufficient to make the annual interest payment, the unpaid interest shall be deferred. Any accrued and unpaid interest will be forgiven between 2033 and 2043 at the rate of 10% per year. If the Organization is in full compliance with the loan agreement and regulatory agreement, the outstanding balance of the loan shall become a grant and will be forgiven in June 2062. If the Housing Project is sold, refinanced or otherwise transferred prior to the end of the term of the loan agreement, all principal and interest outstanding then shall be due and payable in full.

14. Commitments and Contingencies, continued

Forgivable Loans, continued

Additionally, in July 2015, the Organization received a direct award from the Department of Housing and Urban Development ("HUD") naming Caminar the recipient of the McKinney Act (Supportive Housing Program) Direct Award in the amount of $500,000. As outlined in the award contract, this loan will be forgiven over a 20-year period. After the first 10 years, if such project is used as supportive housing, HUD will reduce the percentage of the amount required to be repaid by 10% for each year in excess of 10 years. As such, the beginning balance as reported in the Schedule of Expenditures of Federal Awards was reduced to $250,000 and the year-end balance, reduced by 10% for the current year, was $200,000.

Since the merger of P90 in 2018, the Organization is responsible for P90's San Mateo County notes. The total amount of the notes is $2,222,386. No interest will accrue on the notes and the outstanding balance will be forgiven in five equal 20% shares over the final five years of the 30 year term of the note, as long as the Organization maintains a contact with Behavioral Health and Recovery Services ("BHRS") and continues operating the facility as a residential Substance Use Disorder ("SUD") treatment provider or uses the facility for another public purpose consistent with its non-profit mission, subject to approval by San Mateo County.

It is management's intent to comply with all these agreements and restrictions throughout the terms of the loans and, accordingly, recognized the loans and accrued interest payable as revenue.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on its operations and financial results at this time.

Other Contingencies

The Organization administers programs which uses funds from various federal, state and local agencies and are subject to financial and compliance review by the grantors. Accordingly, the Organization's compliance with applicable grant requirements will be determined at some future date. Expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time. The Organization does not expect that disallowed expenditures, if any, will materially affect the financial statements.

Legal Contingencies

The Organization is involved in various legal actions in the ordinary course of business. In the opinion of management, the outcome of these matters, individually or in the aggregate, would not have a material effect on the Organization's financial statements as of June 30, 2022.

15. Subsequent Events

Subsequent to year-end, the Organization converted its cash equivalent certificate of deposit to cash. In addition, the line of credit was extended for two years.

On September 13, 2022, the Organization entered into a ten-year master lease of a multi-tenant office located in San Jose, which commenced on December 1, 2022 or upon substantial completion of the tenant improvements by landlord, whichever occurs last. The base monthly rent at commencement was $25,875 subject to approximately a 3% annual increase. The lease term will end on its 121st month upon commencement.

Management of the Organization has evaluated events and transactions subsequent to June 30, 2022 for potential recognition or disclosure in the financial statements. Other than above and as noted in Note 12, the Organization did not have subsequent events that require recognition or disclosure in the financial statements for the year ended June 30, 2022. Subsequent events have been evaluated through the date the financial statements became available to be issued on October 17, 2022.

Supplementary Information

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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*

INDEPENDENT AUDITORS' REPORT

To the Audit Committee of Caminar
(A California Nonprofit Public Benefit Corporation)

We have audited 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, the financial statements of Caminar (a California nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2022, 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 our report thereon dated October 17, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Caminar's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Caminar's internal control. Accordingly, we do not express an opinion on the effectiveness of Caminar'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.

Our 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 our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caminar's financial statements are free from material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BPM LLP

San Jose, California
October 17, 2022