

# **OLIVE CREST**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2024**

**OLIVE CREST**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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THE GLOBAL ADVISORY  
AND ACCOUNTING NETWORK

**AUDIT  
AND  
ASSURANCE**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Olive Crest

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

#### **Opinion**

We have audited the consolidated financial statements of Olive Crest and its affiliate (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2024, 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) 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of the 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.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 for one year after the date that the consolidated financial statements are issued.

To the Board of Directors  
Olive Crest

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

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

We have previously audited the Organization's June 30, 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

To the Board of Directors  
Olive Crest

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidated Schedule of Expenditures of Federal Awards (the Schedule), as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024, on our consideration of the Organization'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 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 the Organization's internal control over financial reporting and compliance.

*Green Hasson & Janks LLP*

November 6, 2024  
Los Angeles, California

# OLIVE CREST

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2024

With Summarized Totals at June 30, 2023

<b>ASSETS</b>	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 12,171,873	\$ 4,988,935
Restricted Cash	5,251,881	9,133,937
Investments	5,607,359	5,206,357
Grants Receivable (Net)	10,555,394	9,538,091
Contributions Receivable (Net)	3,408,021	3,240,472
Prepaid Expenses and Other Assets	1,243,098	1,522,368
Right-of-Use Assets	564,174	842,155
Interest Rate Swap	464,890	160,875
Property and Equipment (Net)	<u>30,861,493</u>	<u>25,462,298</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 70,128,183</u></u>	<u><u>\$ 60,095,488</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts Payable	\$ 955,310	\$ 1,360,259
Accrued Liabilities	5,176,614	4,773,548
Lease Liabilities	572,565	857,421
Deferred Revenues	2,009,623	931,470
Bonds Payable (Net)	22,918,888	20,448,199
Notes Payable	<u>56,414</u>	<u>172,595</u>
<b>TOTAL LIABILITIES</b>	31,689,414	28,543,492
<b>NET ASSETS:</b>		
Without Donor Restrictions	28,326,526	23,887,143
With Donor Restrictions	<u>10,112,243</u>	<u>7,664,853</u>
<b>TOTAL NET ASSETS</b>	<u>38,438,769</u>	<u>31,551,996</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 70,128,183</u></u>	<u><u>\$ 60,095,488</u></u>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

# OLIVE CREST

## CONSOLIDATED STATEMENT OF ACTIVITIES Year Ended June 30, 2024 With Summarized Totals for the Year Ended June 30, 2023

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES:</b>				
Government Grants	\$ 68,079,432	\$ -	\$ 68,079,432	\$ 61,059,051
Contributions	10,404,402	4,031,662	14,436,064	17,407,248
Special Events (Net of Direct Donor Benefits of \$1,270,445)	1,895,933	-	1,895,933	1,997,355
In-Kind Contributions	1,346,737	-	1,346,737	1,588,917
Rental Income	734,817	-	734,817	576,109
Investment Return (Net)	420,504	-	420,504	216,456
Unrealized Gain on Interest Rate Swap	304,015	-	304,015	160,875
Other Income	662,433	-	662,433	234,798
Net Assets Released from Donor Restrictions	1,584,272	(1,584,272)	-	-
<b>TOTAL REVENUES</b>	<b>85,432,545</b>	<b>2,447,390</b>	<b>87,879,935</b>	<b>83,240,809</b>
<b>EXPENSES:</b>				
Program Services	67,196,884	-	67,196,884	65,522,126
Management and General	7,441,139	-	7,441,139	6,675,507
Fundraising	6,355,139	-	6,355,139	5,388,673
<b>TOTAL EXPENSES</b>	<b>80,993,162</b>	<b>-</b>	<b>80,993,162</b>	<b>77,586,306</b>
<b>CHANGE IN NET ASSETS</b>	<b>4,439,383</b>	<b>2,447,390</b>	<b>6,886,773</b>	<b>5,654,503</b>
Net Assets - Beginning of Year	23,887,143	7,664,853	31,551,996	25,897,493
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 28,326,526</b>	<b>\$ 10,112,243</b>	<b>\$ 38,438,769</b>	<b>\$ 31,551,996</b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**OLIVE CREST**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2024  
With Summarized Totals for the Year Ended June 30, 2023

	Program Services						Supporting Services				
	Foster, Adoption, Residential Program Services	Family Preservation, Wrap Program Services	Mental Health Program Services	Education Program Services	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	2023 Total
Salaries and Wages	\$ 11,406,472	\$ 2,689,658	\$ 14,174,702	\$ 3,618,999	\$ 6,700,720	\$ 38,590,551	\$ 3,232,527	\$ 3,383,243	\$ 6,615,770	\$ 45,206,321	\$ 43,270,430
Payroll Taxes and Related Costs	876,747	194,814	1,042,148	273,644	509,359	2,896,712	220,754	248,863	469,617	3,366,329	3,216,081
Other Employee Benefits	1,296,901	332,439	1,519,996	404,095	632,429	4,185,860	384,672	226,727	611,399	4,797,259	4,402,313
<b>TOTAL PERSONNEL COSTS</b>	13,580,120	3,216,911	16,736,846	4,296,738	7,842,508	45,673,123	3,837,953	3,858,833	7,696,786	53,369,909	50,888,824
Services and Supplies	6,400,613	611,438	843,546	301,289	1,206,666	9,363,552	1,212,451	1,102,753	2,315,204	11,678,756	11,629,687
Facilities	856,831	128,381	685,821	286,970	2,328,707	4,286,710	618,016	83,620	701,636	4,988,346	5,041,487
Professional Fees	190,737	88,963	923,191	190,068	150,571	1,543,530	653,551	727,735	1,381,286	2,924,816	2,791,909
Transportation	380,010	51,722	890,080	282,202	211,008	1,815,022	22,749	48,620	71,369	1,886,391	1,878,256
Utilities and Telephone	403,467	92,062	310,406	108,114	490,535	1,404,584	251,447	83,796	335,243	1,739,827	1,645,283
Depreciation	401,467	45,096	156,522	316,068	136,260	1,055,413	341,044	48,801	389,845	1,445,258	1,296,270
In-Kind Contributions	537,259	170,555	204,021	30,282	131,717	1,073,834	521	272,382	272,903	1,346,737	1,588,917
Interest	106,211	107,280	46,380	126,179	492,088	878,138	37,048	3,714	40,762	918,900	314,462
Provision for Uncollectible Balances	-	-	-	-	-	-	390,670	-	390,670	390,670	286,703
Conferences and Meetings	22,898	11,554	16,880	-	51,646	102,978	75,689	124,885	200,574	303,552	224,508
<b>TOTAL 2024 FUNCTIONAL EXPENSES</b>	<u>\$ 22,879,613</u>	<u>\$ 4,523,962</u>	<u>\$ 20,813,693</u>	<u>\$ 5,937,910</u>	<u>\$ 13,041,706</u>	<u>\$ 67,196,884</u>	<u>\$ 7,441,139</u>	<u>\$ 6,355,139</u>	<u>\$ 13,796,278</u>	<u>\$ 80,993,162</u>	
	83%						9%		8%		100%
<b>TOTAL 2023 FUNCTIONAL EXPENSES</b>	<u>\$ 23,162,841</u>	<u>\$ 3,537,096</u>	<u>\$ 22,115,842</u>	<u>\$ 7,027,331</u>	<u>\$ 9,679,016</u>	<u>\$ 65,522,126</u>	<u>\$ 6,675,507</u>	<u>\$ 5,388,673</u>	<u>\$ 12,064,180</u>		<u>\$ 77,586,306</u>
	84%						9%		7%		100%

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements



# OLIVE CREST

## CONSOLIDATED STATEMENT OF CASH FLOWS Year Ended June 30, 2024 With Summarized Totals for the Year Ended June 30, 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 6,886,773	\$ 5,654,503
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Realized and Unrealized Gains on Investments	(212,590)	(94,799)
Provision for Disallowed Amounts on Government Grants	390,670	286,703
Unrealized Gain on Interest Rate Swap	(304,015)	(160,875)
Loss on Disposal of Property and Equipment	115,758	-
Depreciation	1,445,258	1,296,270
Amortization and Write-off of Debt Issuance Costs	9,780	52,189
Contributions Restricted for Property and Equipment	(3,928,505)	(7,315,481)
(Increase) Decrease in:		
Grants Receivable	(1,407,973)	(1,412,221)
Contributions Receivable	(167,549)	334,839
Prepaid Expenses and Other Assets	279,270	(188,399)
Right-of-Use Assets	690,864	1,208,148
Increase (Decrease) in:		
Accounts Payable	(404,949)	379,152
Accrued Liabilities	403,066	447,136
Lease Liabilities	(697,739)	(1,201,531)
Deferred Revenues	1,078,153	191,206
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	4,176,272	(523,160)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Investments	(236,890)	(5,171,871)
Proceeds from Sales of Investments	48,478	60,313
Proceeds from Sales of Property and Equipment	28,502	-
Purchases of Property and Equipment	(3,951,213)	(6,027,400)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(4,111,123)	(11,138,958)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Bonds Payable	-	7,667,910
Payments of Debt Issuance Costs	(103,984)	(235,824)
Payments on Bonds and Notes Payable	(588,788)	(458,575)
Proceeds from Contributions for Property and Equipment	3,928,505	3,674,298
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	3,235,733	10,647,809
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	3,300,882	(1,014,309)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	14,122,872	15,137,181
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 17,423,754	\$ 14,122,872

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

# OLIVE CREST

## CONSOLIDATED STATEMENT OF CASH FLOWS Year Ended June 30, 2024 With Summarized Totals for the Year Ended June 30, 2023

	2024	2023
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR</b>		
Cash and Cash Equivalents	\$ 12,171,873	\$ 4,988,935
Restricted Cash	5,251,881	9,133,937
<b>TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR</b>	<b>\$ 17,423,754</b>	<b>\$ 14,122,872</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid During the Year for Interest	\$ 918,900	\$ 314,462
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FLOW INFORMATION:</b>		
Property and Equipment Financed with Proceeds from Bonds Payable	\$ 3,037,500	\$ 5,125,000
Notes Payable Refinanced with Proceeds from Bonds Payable	-	7,970,590
Non-Cash Impact of Implementation of Accounting Standards Update No. 2016-02, <i>Leases (Topic 842)</i>		
Increase in Right-of-Use Assets	\$ -	\$ 2,050,303
Increase in Lease Liabilities	-	2,058,952
Derecognition of Deferred Lease Liability	-	8,649

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

# **OLIVE CREST**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **June 30, 2024**

### **NOTE 1 - NATURE OF ORGANIZATION**

Since 1973, Olive Crest has transformed the lives of over 200,000 abused, neglected, and at-risk children and their families. Olive Crest works tirelessly to meet the individual needs of children in crisis by providing safe homes, counseling, and education for both youth and parents. Olive Crest's many innovative programs reflect its conviction that strengthening the family is one of the most powerful ways to help heal children. With unwavering compassion, the Olive Crest family maintains a lifelong commitment to the youth and families it serves even after they have graduated from Olive Crest's programs.

Established, proven, and respected, Olive Crest serves over 5,000 children and families each day throughout California, Nevada, and the Pacific Northwest.

Olive Crest Academy K-12 was founded in 1982. It was organized for the purpose of providing youth educational services, vocational training, and therapy for at-risk children. It receives revenues under government fees and grants for its nonpublic school.

Olive Crest is organized as not-for-profit tax-exempt charitable corporation under Section 501(c)(3) of the Internal Revenue Code. Olive Crest was formed pursuant to the general not-for-profit corporation laws of the State of California.

Over the years, Olive Crest has grown and evolved into a multi-faceted organization that meets the needs of its communities through a full continuum of care to prevent child abuse, treat and educate at-risk children, and preserve the family, "one life at a time®".

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the accounts of Olive Crest and the Olive Crest Abused Children's Foundation (collectively, the Organization). All inter-organizational balances and transactions have been eliminated upon consolidation.

#### **(b) BASIS OF PRESENTATION**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

#### **(c) NET ASSETS**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets 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-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment fund.

## OLIVE CREST

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2024

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (c) NET ASSETS (continued)

- **Net Assets With Donor Restrictions.** 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, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

##### (d) CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Organization considers all highly liquid investments with original maturities at purchase of three months or less, which are neither held nor restricted for long-term purposes, to be cash and cash equivalents. Restricted cash comprises funds held in separate accounts by third parties or cash held by the Organization on behalf of others.

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

##### (e) INVESTMENTS

Investments in marketable securities with readily determinable fair values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year.

Securities are generally held in custodial investment accounts administered by financial institutions. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend rate. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in investment return in the consolidated statement of activities and represent the change in the difference between the cost and fair value of investments held at the end of the fiscal year.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

## **OLIVE CREST**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **June 30, 2024**

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(f) GRANTS AND CONTRIBUTIONS RECEIVABLE AND REVENUE RECOGNITION**

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Organization had conditional contributions totaling \$3,000,000 at June 30, 2024, which are contingent on raising matching funds for capital projects.

Contributions are recorded at fair value, and in the case of pledges, are recorded at the present value of their estimated future cash flows. The Organization evaluated the collectability of contributions receivable at June 30, 2024 based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions and has established an allowance for uncollectible contributions receivable in the amount of \$190,359.

The carrying value of grants receivable, net of the reserve for potential disallowed amounts, if any, represents their estimated net realizable value. The reserve for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the reserve is adjusted accordingly. Past due balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2024, the Organization has established an allowance for potential disallowed billings in the amount of \$1,272,106.

The majority of the Organization's revenue is derived from fee-for-service and cost reimbursement grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Such grants are generally considered nonreciprocal transactions restricted by the awarding agencies for certain purposes. Amounts received are recognized as revenue when the Organization has satisfied the specific performance requirements or incurred expenditures in compliance with specific contract or grant provisions.

The Organization has elected to adopt a policy whereby donor-restricted grants and contributions that were initially conditional and whose conditions and restrictions are met in the same reporting period are recognized as revenue without donor restrictions. Amounts received prior to incurring qualifying expenditures or fulfilling the specific performance obligations are reported as deferred revenues in the consolidated statement of financial position.

## **OLIVE CREST**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **June 30, 2024**

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) GRANTS AND CONTRIBUTIONS RECEIVABLE AND REVENUE RECOGNITION**  
(continued)

The Organization generates revenue from contracts with customers from its special education and other non-public school services. The Organization has master contracts with various school districts for the provision of such services for each individual child. Services are generally billed based on a pre-determined rate by the school district on a per unit of service or per child basis. Revenue from contracts with customers is recognized over time during the period of service when the respective performance obligations are satisfied. Total revenues from special education and other non-public school services were \$10,581,613 during the year ended June 30, 2024, which is included in the government grant revenues in the consolidated statement of activities.

The Organization leases its facilities under long-term and month-to-month operating leases and recognizes rental income on a straight-line basis over the terms of the respective lease agreements. Unbilled rent receivable or deferred rent revenue are recorded, as appropriate, for the accumulated difference between the cash received and the straight-line rental income.

The Organization determines whether the contract contains a lease at its inception based on whether the contract conveys the right to control the use of identified facilities for a period of time in exchange for consideration. The classification of the lease as operating or financing is also determined at the inception of the lease contract. If the provisions of the lease change after lease inception, other than by renewal or extension, the Organization evaluates whether that change may have resulted in a different lease classification had the change been in effect at inception. If so, the revised agreement is considered a new lease for lease classification purposes. The Organization's leases do not contain significant non-lease components.

**(g) CONCENTRATIONS AND MARKET RISK**

Approximately 77% of the Organization's revenue and support is provided by various government agencies. The Organization anticipates that it will continue to run these programs although there can be no assurance that the Organization will be able to obtain future grant agreements upon the expiration of the current term of the contracts. The entire grants receivable balance of \$10,555,394 at June 30, 2024 is from such government contracts, and as a result, concentration of credit risk with respect to these receivables is limited.

## **OLIVE CREST**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **June 30, 2024**

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(h) RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

The Organization recognizes and measures its leases in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. The Organization is a lessee in certain operating leases for facilities. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Organization uses its incremental borrowing rate. The implicit rates of the Organization's leases are not readily determinable and accordingly, the Organization uses the incremental borrowing rate based on the information available at the commencement date of the lease. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

##### **(i) INTEREST RATE SWAP**

The Organization has interest rate swap agreements in order to manage exposure to interest rate fluctuations and to allow the Organization to effectively lock in fixed interest rates for its bonds payable.

The accounting and reporting standards for derivative instruments and hedging activities require that all derivative instruments be recorded as either assets or liabilities measured at fair value. The interest rate swap is valued separately from its underlying debt and is accounted for using a mark-to-market basis. As marked fixed rates change over time, existing fixed rate swaps become more or less valuable than at inception, resulting in a mark-to-market value which includes either a gain or a loss.

## **OLIVE CREST**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **June 30, 2024**

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

##### **(i) INTEREST RATE SWAP** (continued)

The fair value of the interest rate swap is estimated using Level 2 inputs, which are based on model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. The estimated market value of the interest rate swap at June 30, 2024 was computed by the counterparty and includes adjustments to reflect counterparty credit risk and the Organization's non-performance credit risk in estimating the fair value.

##### **(j) PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year.

The estimated useful lives are as follows:

Buildings and Improvements	25 Years
Furniture and Equipment	5 Years
Leasehold Improvements	5 Years
Vehicles	5 Years

##### **(k) LONG-LIVED ASSETS**

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2024.

##### **(l) DEBT ISSUANCE COSTS**

Debt issuance costs are amortized using the straight-line method over the term of the related bonds payable. Debt issuance costs are netted against the bonds payable balance at June 30, 2024. The amortization of these costs is included in interest expense.



## **OLIVE CREST**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **June 30, 2024**

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

##### **(m) IN-KIND CONTRIBUTIONS**

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, were provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In-kind contributions of \$1,346,737 were received during the year ended June 30, 2024 that satisfied the criteria for recognition and were used in the Organization's programs and supporting services as reflected in the consolidated statement of functional expenses. Items contributed consisted of household goods, clothing, toys, hygiene products, and other supplies and were valued based on fair values of identical or similar products.

A substantial number of volunteers have donated significant amounts of their time to the Organization. Some of the services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

##### **(n) INCOME TAXES**

The Organization is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

During the year ended June 30, 2024, the Organization earned rental income from debt-financed property, which is considered to be unrelated to the Organization's exempt purpose, and any net income earned by the rental property is therefore subject to unrelated business income tax. The rental property generated net income during the year ended June 30, 2024, which is estimated to be offset by the Organization's net operating loss carry-forward on the rental property. Therefore, no income tax liability has been recorded in the consolidated financial statements.

In accordance with FASB ASC Topic 740, *Uncertainty in Income Taxes*, the Organization recognizes the impact of tax positions in the consolidated financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2024, the Organization performed an evaluation of uncertain tax positions and did not identify any matters that would require recognition in the consolidated financial statements or which might have an effect on its tax-exempt status.

## **OLIVE CREST**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **June 30, 2024**

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

##### **(o) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the Organization's programs and other activities have been presented in the consolidated statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Organization uses proportion of direct salaries to total salaries, time and effort, and square footage as the basis for allocation of indirect costs.

##### **(p) USE OF ESTIMATES**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

##### **(q) COMPARATIVE TOTALS**

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

##### **(r) RECLASSIFICATIONS**

For comparability, certain June 30, 2023 amounts have been reclassified, where appropriate, to conform to the consolidated financial statement presentation used at June 30, 2024.

##### **(s) NEW ACCOUNTING PRONOUNCEMENTS**

In June 2016, FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss impairment methodology previously used for certain financial instruments with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates in their measurement. The guidance has subsequently been amended through a series of targeted ASUs. The Organization implemented this ASU and related amendments during the year ended June 30, 2024, and the adoption had no material impact on the consolidated financial statements.

## **OLIVE CREST**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **June 30, 2024**

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

##### **(t) SUBSEQUENT EVENTS**

The Organization has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2024 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through November 6, 2024, the date these consolidated financial statements were available to be issued. No such material subsequent events were noted to have occurred.

#### **NOTE 3 - RESTRICTED CASH**

Restricted cash totaling \$4,883,411 at June 30, 2024 comprises undistributed bond proceeds contractually restricted for certain building project costs pursuant to bonds payable agreements.

In addition, the Organization maintains savings accounts on behalf of its clients totaling \$368,470 at June 30, 2024.

#### **NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The Organization has implemented the accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable, such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

# OLIVE CREST

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2024

### NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following table presents information about the Organization's investments that are measured at fair value on a recurring basis at June 30, 2024, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash and Cash Equivalents	\$ 402,825	\$ 402,825	\$ -	\$ -
Government Bonds	1,370,311	-	1,370,311	-
Corporate Bonds	251,450	-	251,450	-
Mutual Funds	735,912	735,912	-	-
Equities	2,846,861	2,846,861	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 5,607,359</b>	<b>\$ 3,985,598</b>	<b>\$ 1,621,761</b>	<b>\$ -</b>

The fair values of marketable securities within Level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year. The fair values of government and corporate bonds within Level 2 were based on independent pricing services and spreads sourced from brokers/dealers, trade prices, and the new issues market.

### NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2024 consist of the following:

Amounts Due:	
In Less Than One Year	\$ 1,793,166
In Two to Five Years	1,873,921
In More Than Five Years	140,090
<b>TOTAL CONTRIBUTIONS RECEIVABLE - GROSS</b>	<b>3,807,177</b>
Less: Present Value Discount at 4.9%	(208,797)
Less: Allowance for Doubtful Contributions Receivable	(190,359)
<b>TOTAL CONTRIBUTIONS RECEIVABLE (NET)</b>	<b>\$ 3,408,021</b>

## OLIVE CREST

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2024

#### NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2024 consist of the following:

Buildings and Improvements	\$ 28,523,662
Land	11,134,128
Vehicles	2,299,571
Furniture and Equipment	1,146,408
Leasehold Improvements	162,467
Construction in Progress	<u>420,961</u>
<b>TOTAL</b>	43,687,197
Less: Accumulated Depreciation	<u>(12,825,704)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	<u><u>\$ 30,861,493</u></u>

At June 30, 2024, construction in progress represents several ongoing projects with varying remaining costs to complete. Depreciation expense totaled \$1,445,258 for the year ended June 30, 2024.

#### NOTE 7 - LINE OF CREDIT

The Organization has a revolving line of credit with a bank in the amount of \$5,000,000, which bears interest at the bank's reference rate. The line of credit matures in April 2025. The Organization had no amount outstanding on the line of credit at June 30, 2024, and the bank's reference rate at June 30, 2024 was 2.25%.

## OLIVE CREST

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2024

#### NOTE 8 - BONDS PAYABLE AND INTEREST RATE SWAP

##### (a) BONDS PAYABLE

Bonds payable at June 30, 2024 consist of the following:

\$12,463,500 Tax-Exempt Bonds Payable, Issued through California Infrastructure and Economic Development Bank, Secured by Multiple Deeds of Trust of Real Property, Payable in Monthly Payments of Principal and Accrued Unpaid Interest at a 3.86% Rate, maturing on April 1, 2048.	\$ 12,113,700
\$8,300,000 Taxable Bonds Payable, Issued through California Infrastructure and Economic Development Bank, Secured by Multiple Deeds of Trust of Real Property, Payable in Monthly Payments of Principal and Accrued Unpaid Interest at a 4.90% Rate, maturing on April 1, 2048.	8,099,601
\$2,106,810 Supplemental Tax-Exempt Bonds Payable, Issued through California Infrastructure and Economic Development Bank, Secured by Multiple Deeds of Trust of Real Property, Payable in Monthly Payments of Principal and Accrued Unpaid Interest at a 5.58% Rate, maturing on May 1, 2049.	2,104,118
\$930,690 Supplemental Taxable Bonds Payable, Issued through California Infrastructure and Economic Development Bank, Secured by Multiple Deeds of Trust of Real Property, Payable in Monthly Payments of Principal and Accrued Unpaid Interest at a 7.13% Rate, maturing on May 1, 2049.	<u>929,139</u>
<b>TOTAL BONDS PAYABLE</b>	23,246,558
Less: Unamortized Bonds Issuance Costs	<u>(327,670)</u>
<b>BONDS PAYABLE (NET)</b>	<u>\$ 22,918,888</u>

Under the terms of the bond agreements, the Organization is subject to certain financial covenants including the quick ratio and the debt service coverage ratio minimums, as well as other covenants. As of June 30, 2024, the Organization was in compliance with these covenants or has obtained a waiver from the lender.

# OLIVE CREST

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2024

### NOTE 8 - BONDS PAYABLE AND INTEREST RATE SWAP (continued)

#### (a) BONDS PAYABLE (continued)

At June 30, 2024, the bonds' mandatory redemption requirements are as follows:

##### Years Ending June 30:

2025	\$ 551,854
2026	577,116
2027	603,483
2028	623,238
2029	662,689
Thereafter	<u>20,228,178</u>
<b>TOTAL BONDS PAYABLE</b>	<b><u>\$ 23,246,558</u></b>

#### (b) INTEREST RATE SWAP

The Organization has interest rate swap agreements related to its bonds payable with an aggregate notional amount of \$23,246,558 with various termination dates through January 2033. Under the terms of these agreements, the Organization agrees to pay the bank a fixed amount of interest and receive variable amounts of interest at specified rates over the life of the agreements.

The interest rate swaps outstanding as of June 30, 2024 are as follows:

	<b>Swap #1</b>	<b>Swap #2</b>	<b>Swap #3</b>	<b>Swap #4</b>
Fixed Interest Paid at	4.90%	3.86%	7.13%	5.58%
Floating Interest Received at	1.16% + SOFR	1.16% + 77% of SOFR	2.60% + SOFR	2.00% + 77% of SOFR

The Organization recognized a gain on interest rate swap totaling \$304,015 during the year ended June 30, 2024.

#### (c) BOND ISSUANCE COSTS

The Organization amortizes its bond issuance costs using the straight-line method over the term of the related debt. At June 30, 2024, the capitalized bonds issuance costs consisted of the following:

Bonds Issuance Costs	\$ 339,808
Accumulated Amortization	<u>(12,138)</u>
<b>UNAMORTIZED BOND ISSUANCE COSTS</b>	<b><u>\$ 327,670</u></b>

## OLIVE CREST

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2024

#### NOTE 9 - NOTES PAYABLE

Notes payable consist of the loans payable to Toyota Financial Services totaling \$56,414 at June 30, 2024. Notes are payable are collateralized by the related vehicles and are payable in monthly payments of principal and accrued unpaid interest with various dates of maturity through 2028. Notes payable bear interest at rates between 0.0% and 1.9%. Future maturities of notes payable as of June 30, 2024 are as follows:

#### Years Ending June 30:

2025	\$	40,087
2026		16,327
<b>TOTAL NOTES PAYABLE</b>		<u>\$ 56,414</u>

#### NOTE 10 - LEASE ARRANGEMENTS

##### (a) OPERATING LEASES - LESSEE

The Organization leases a number of facilities, which are accounted for as operating leases. The operating leases expire at various dates ranging from June 30, 2024 to March 31, 2026. Some of these leases have renewal options. The exercise of lease renewal options is at the Organization's discretion. The Organization has chosen to include the renewal term in the calculation of the ROU asset and related lease liability when such renewals are reasonably certain of being exercised. Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, are not recorded on the consolidated statement of financial position and are recognized as lease expense on a straight-line basis over the lease term. As of June 30, 2024, the Organization recognized \$564,174 of ROU assets and \$572,565 of related lease liabilities for contracts that are classified as operating leases.

Lease cost was as follows for the year ended June 30, 2024:

Operating Lease Cost:	\$	734,912
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As of June 30, 2024, the weighted average remaining lease terms of operating leases are approximately 2.73 years. The weighted average discount rates used to determine the lease liabilities as of June 30, 2024 for the operating leases were approximately 5.58%.



# OLIVE CREST

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2024

### NOTE 10 - LEASE ARRANGEMENTS (continued)

#### (a) OPERATING LEASES - LESSEE (continued)

Maturities of lease liabilities in future years are as follows:

<b>Years Ending June 30</b>	<b>Operating Leases</b>
2025	\$ 270,921
2026	205,262
2027	74,303
2028	39,743
2029	29,807
<b>TOTAL FUTURE LEASE PAYMENTS</b>	620,036
Less: Imputed Interest	(47,471)
<b>TOTAL LEASE LIABILITIES</b>	<b>\$ 572,565</b>

#### (b) OPERATING LEASES - LESSOR

The Organization leases office facilities to several tenants pursuant to lease agreements classified as operating leases expiring through June 2029. Rental income totaled \$734,817 for the year ended June 30, 2024. Minimum future rental payments to be received on non-cancelable operating leases as of June 30, 2024 are as follows:

<b>Years Ending June 30</b>	<b>Operating Leases</b>
2025	\$ 584,071
2026	441,894
2027	373,602
2028	382,845
2029	394,331
<b>TOTAL FUTURE MATURITIES</b>	<b>\$ 2,176,743</b>

The underlying assets associated with the lease, which are held within property and equipment amount to \$1,975,322 net of depreciation.

## OLIVE CREST

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2024

#### NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of undesignated and Board designated amounts for the following purposes at June 30, 2024:

Undesignated	\$ 22,774,835
Board Designated Endowment Fund:	<u>5,551,691</u>
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b><u>\$ 28,326,526</u></b>

The Board of Directors of the Organization (the Board) has designated, from net assets without donor restrictions, certain funds for a Board designated endowment fund for reserves and future operating needs.

#### NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions and related releases from net assets with donor restrictions consist of the following:

	Net Assets with Donor Restrictions at June 30, 2024	Net Assets Released from Restrictions for the Year Ended June 30, 2024
Subject to Expenditure for Specified Purpose:		
Independent Living	\$ 424,627	\$ -
Capital Campaigns	9,659,714	1,584,272
Other Programs	<u>27,902</u>	<u>-</u>
<b>TOTAL</b>	<b>\$ 10,112,243</b>	<b>\$ 1,584,272</b>

#### NOTE 13 - BOARD DESIGNATED ENDOWMENT

The Board has established a Board-designated endowment, which is included in net assets without donor restrictions.

Return Objectives and Risk Parameters - It is the purpose of the Organization's endowment fund to secure the future of the Organization and to support its programs and operations as designated by the Board.

The primary long-term financial objective is to preserve and enhance the real (i.e., inflation-adjusted) purchasing power of the endowment through a prudent long-term investment strategy. An additional objective is to provide a relatively predictable, stable, and (in real terms) constant stream of current income for the Organization's annual operating needs.

## OLIVE CREST

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2024

#### NOTE 13 - BOARD DESIGNATED ENDOWMENT (continued)

The primary investment objective of the endowment is to earn an average annual return of 5% after inflation over a full market cycle (typically three to five years) among three diversified asset classes. The Organization considers itself a risk-averse investor. That is, among various investment alternatives with comparable expected returns, the preference is for those having the lowest risk.

Strategies Employed for Achieving Objectives - The Organization manages its endowment on a total rate of return basis consisting of dividends, interest, and changes in market value of securities for the fiscal year, not favoring returns from one source over another. The investment portfolio is to be sufficiently balanced so that no single security or class of securities will have a disproportionate impact on the risk of the total portfolio.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Organization has a policy governing the amount of endowment earnings that can be released annually for spending. The spending policy authorizes an annual distribution equal to 5% of the average market value of the portfolio as of June 30 for the preceding three years which will help to even out any fluctuations that may occur in the value of the account.

In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an amount that will at least keep pace with expected inflation.

<b>Changes in Endowment Net Assets</b>	<b>Net Assets Without Donor Restrictions</b>
Endowment Net Assets - July 1, 2023	\$ 5,196,448
Contributions	-
Investment Return (Net)	-
	<u>355,243</u>
<b>ENDOWMENT NET ASSETS AT JUNE 30, 2024</b>	<u>\$ 5,551,691</u>

## OLIVE CREST

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2024

#### NOTE 14 - COMMITMENTS AND CONTINGENCIES

##### (a) LEGAL PROCEEDINGS

In the ordinary course of conducting its business, the Organization becomes involved in various legal proceedings. Some of these proceedings may result in judgments being assessed against the Organization which, from time to time, may have an impact on changes in net assets. The Organization does not believe that these proceedings individually or in the aggregate, are material to its operations or financial condition.

##### (b) CONTRACTS

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated.

#### NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Organization at June 30, 2024 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the consolidated statement of financial position are summarized in the following table:

Financial Assets at June 30, 2024:	
Cash and Cash Equivalents	\$ 12,171,873
Restricted Cash	5,251,881
Investments	5,607,359
Grants Receivable (Net)	10,555,394
Contributions Receivable (Net)	<u>3,408,021</u>
<b>TOTAL FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR</b>	36,994,528
Less Amounts Unavailable for General Expenditures within One Year, Due to:	
Contributions Receivable and Funds Held with Donor Restrictions	(10,112,243)
Board-Designated Endowment Funds	(5,551,691)
Funds Restricted by Contractual and Legal Obligations	<u>(5,251,881)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<u>\$ 16,078,713</u>

## **OLIVE CREST**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **June 30, 2024**

#### **NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES** (continued)

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization is substantially supported by government grants and contracts, which can result in the Organization having to carry significant grants receivable balances. As part of its liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a line of credit of \$5,000,000 that it could draw upon. At June 30, 2024, \$5,000,000 was available on this line of credit. In addition, the Organization could also draw upon its board-designated endowment fund.

# **OLIVE CREST**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

**OLIVE CREST**

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2024

Federal Grantor/Passed Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Contract Number	Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>			
Passed through the State of California			
Foster Care Title IV-E (a)	93.658		\$ 6,528,403
Foster Care Title IV-E (a)	93.658	CJN2121-32/0248.01.01	3,552,633
Foster Care Title IV-E (a)	93.658		3,559
Passed through the State of Nevada			
Foster Care Title IV-E (a)	93.658	604131-16	484,028
<b>Total 93.658</b>			10,568,623
Passed through the County of Los Angeles			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2015-01-07/20-01-02	425,347
Passed through the State of Nevada			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2101NVFPSS	14,753
<b>Total 93.556</b>			440,100
Passed through the State of California			
Transitional Living for Homeless Youth	93.550	0003888	91,068
Passed through the County of Los Angeles			
Transitional Living for Homeless Youth	93.550	13-001-20	203,374
Passed through the County of Orange			
Transitional Living for Homeless Youth	93.550	CCD1120-02	179,706
<b>Total 93.550</b>			474,148
Passed through the State of California			
Community-Based Child Abuse Prevention Grants	93.590	CMX0418	21,952
Passed through the State of Nevada:			
Community-Based Child Abuse Prevention Grants	93.590	1263.01	52,692
<b>Total 93.590</b>			74,644

See Independent Auditor's Report

**OLIVE CREST**

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2024**

<b>Federal Grantor/Passed Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Contract Number</b>	<b>Federal Expenditures</b>
Passed through the State of California: Private Adoption Agency Reimbursement Program	93.659		<u>\$ 188,976</u>
<b>Total 93.659</b>			<u>188,976</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>11,746,491</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><u>\$ 11,746,491</u></u>

(a) Audited as a Major Program

See Independent Auditor's Report



## OLIVE CREST

### CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2024

#### **Notes to the Consolidated Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2024**

##### **1. Basis of Presentation**

Basis of Presentation - The accompanying consolidated schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organization.

##### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

##### **3. Indirect Cost Rate**

The Organization has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

##### **4. Awards to Subrecipients**

The Organization has not provided any federal awards to subrecipients from the federal expenditures presented in this Schedule.

See Independent Auditor's Report