CALIFORNIANS FOR JUSTICE EDUCATION FUND
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

HEALY AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT

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HEALY AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

September 12, 2024

Board of Directors
Californians for Justice Education Fund
Oakland, California

Opinion

I have audited the accompanying financial statements of Californians for Justice Education Fund (a nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Californians for Justice Education Fund as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Californians for Justice Education Fund and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

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

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

Healy and Associates

Healy and Associates
Concord, California

CALIFORNIANS FOR JUSTICE EDUCATION FUND
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 11,520,839
Contributions and grants receivable, current portion	3,207,333
Other receivable	2,294
Prepaid expenses	150,217
Total Current Assets	14,880,683
Right-of-use asset	1,716,304
Fixed assets, net	-
Intangible assets, net	-
Deposits	41,217
Total Assets	$ 16,638,204
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 783,927
Sabbatical liability	97,964
Lease liability, current portion	264,405
Total Current Liabilities	1,146,296
Lease liability, long-term portion	1,494,311
Total Liabilities	2,640,607
NET ASSETS	
Without donor restrictions	8,655,383
With donor restrictions	5,342,214
Total Net Assets	13,997,597
Total Liabilities and Net Assets	$ 16,638,204

CALIFORNIANS FOR JUSTICE EDUCATION FUND
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Foundation grants and awards	$ 2,563,419	$ 4,275,105	$ 6,838,524
Program fees	1,415,353	-	1,415,353
Fiscal sponsor fees	228,187	-	228,187
Contributions	48,185	-	48,185
Interest income	28,045	-	28,045
Other revenue	17,016	-	17,016
In-kind services	7,705	-	7,705
	4,307,910	4,275,105	8,583,015
Net assets released from restriction	4,495,599	(4,495,599)	-
TOTAL REVENUE AND SUPPORT	8,803,509	(220,494)	8,583,015
EXPENSES			
Program services	7,153,696	-	7,153,696
Supporting services:			
Administrative services	1,255,271	-	1,255,271
Fundraising expenses	351,732	-	351,732
TOTAL EXPENSES	8,760,699	-	8,760,699
CHANGE IN NET ASSETS	42,810	(220,494)	(177,684)
NET ASSETS, beginning of year	8,612,573	5,562,708	14,175,281
NET ASSETS, end of year	$ 8,655,383	$ 5,342,214	$ 13,997,597

CALIFORNIANS FOR JUSTICE EDUCATION FUND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services	Administrative Services	Fundraising Expenses	Total
Wages	$ 3,790,325	$ 466,112	$ 289,213	$ 4,545,650
Payroll taxes	154,363	192,825	9,860	357,048
Sabbatical expense	50,316	(48,536)	-	1,780
Employee benefits	268,089	365,362	21,193	654,644
Total Personnel Expenses	4,263,093	975,763	320,266	5,559,122
Grants to others	1,109,698	-	-	1,109,698
Consultants	432,629	95,353	285	528,267
Occupancy	336,831	-	-	336,831
Meeting and events	253,680	31,764	16,822	302,266
Fiscal sponsor fees	228,187	-	-	228,187
Student and volunteer expenses	212,080	295	-	212,375
Travel	118,567	31,274	3,960	153,801
Computer expenses	60,233	43,487	9,218	112,938
Office supplies and expense	36,403	5,516	117	42,036
Individual honorarium	38,100	-	-	38,100
Bank and payroll fees	-	33,605	846	34,451
Utilities	18,008	-	-	18,008
Office maintenance	14,986	-	-	14,986
Office equipment lease	10,142	-	-	10,142
Depreciation and amortization	-	9,664	-	9,664
Hiring expense	-	9,595	-	9,595
Insurance	-	9,439	-	9,439
Internet and telephone	8,810	-	-	8,810
Property taxes and fees	2,257	6,245	-	8,502
In-kind services	5,408	2,297		7,705
Publications and subscriptions	2,068	777	14	2,859
Donations to others	1,738	-	-	1,738
Postage and delivery	672	197	204	1,073
Office repairs	79	-	-	79
Miscellaneous	27	-	-	27
Total Expenses	$ 7,153,696	$ 1,255,271	$ 351,732	$ 8,760,699

CALIFORNIANS FOR JUSTICE EDUCATION FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (177,684)
Adjustment to reconcile change in net assets to cash provided by operating activities:	
Depreciation and amortization	9,664
CHANGES IN ASSETS AND LIABILITIES:	
Contributions and grants receivable	868,267
Other receivable	2,100
Prepaid expenses	(79,277)
Right-of-use asset	(711,451)
Deposits	(17,789)
Accounts payable and accrued expenses	328,726
Sabbatical liability	1,780
Lease liability	743,527
NET CASH PROVIDED BY OPERATING ACTIVITIES	967,863
NET INCREASE IN CASH AND CASH EQUIVALENTS	967,863
CASH AND CASH EQUIVALENTS, beginning of year	10,552,976
CASH AND CASH EQUIVALENTS, end of year	$ 11,520,839
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:	
Right-of-use asset	$ 966,864
Operating lease liability for right-of-use asset	$ 966,864

NOTE A – NATURE OF ACTIVITIES

Californians for Justice Education Fund (Organization) is a California nonprofit public benefit corporation, incorporated in 1995 and operates from its headquarters in Oakland, California. It is a statewide, youth-powered organization, working to improve the lives of communities of color, immigrant, low-income, LGBTQ, and other marginalized communities. The Organization's primary mission is to carry on charitable and educational activities in the furtherance of social justice.

The Organization is supported primarily through foundation grants and awards, contributions, and program fees.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method and Basis of Presentation

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
>
> **Net assets with donor restrictions**: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
>
> Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Estimates

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents
Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months, which are neither held for nor restricted by donors for long term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Fair Value Measurements
The Organization's financial instruments include cash and cash equivalents measured using Level 1 inputs. The carrying amount of these financial instruments has been estimated by management to approximate fair value. Fair value is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date." When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. Accounting Standards Codification (ASC) 820-10, *Fair Value Measurement*, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1— Quoted prices for identical assets in active markets.
Level 2—Observable inputs other than Level 1, which include quoted prices for similar assets 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.
Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets.

Contributions and Grants Receivable
Contributions and grants receivable are recorded at net realizable value consisting of the amount awarded less an allowance for uncollectible amounts. The Organization evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. Management did not consider an allowance for doubtful accounts necessary as of December 31, 2023.

Fixed Assets
Fixed asset additions in excess of $5,000 are recorded at cost, or if donated, at fair value on the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

Intangible Assets
Intangible asset additions, in excess of $5,000, are recorded at cost, or if donated, at fair value on the date of donation, less accumulated amortization. Amortization is computed using the straight-line method over the estimated useful lives of the related assets.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions
The Organization receives goods and services, which are donated for carrying out its mission. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. During the year ended December 31, 2023, the Organization recognized $7,705 in contributions from donated professional services, as estimated by the donor. The amounts are reflected in the accompanying financial statements.

Tax Exemption Status
The Organization has received exempt status under section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The Organization has no unrelated business income, and management has analyzed tax positions taken and has concluded that there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or 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 substantially met. Consequently, at December 31, 2023, contributions of $3,150,000 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met.

Program fees earned under a contractual arrangement (an “exchange transaction”) are recognized when earned and therefore measured as services are provided. Funds received in advance of services are reflected in deferred revenue.

A portion of the Organization’s revenue is derived from cost-reimbursable grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has $708,040 in cost-reimbursement grants that have not been recognized as of December 31, 2023 because qualifying expenditures have not yet been incurred. No amounts have been received in advance under the cost-reimbursable federal and state grants.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited based on employee time spent in the functional area.

NOTE C – CONCENTRATIONS

At December 31, 2023, the Organization has $3,344,523 in cash held in financial institutions exceeding insured limits.

At December 31, 2023, two funders accounted for 51% of total receivables (28% and 23%).

NOTE D – FIXED ASSETS

Fixed assets at December 31, 2023 consisted of the following:

Computer equipment	$ 11,986
Less: accumulated depreciation	(11,986)
Total fixed assets, net	$ -

Depreciation expense for the year ended December 31, 2023 is $2,331.

NOTE E – INTANGIBLE ASSETS

Intangible assets at December 31, 2023 consisted of the following:

Website	$ 44,000
Less: accumulated amortization	(44,000)
Total intangible assets, net	$ -

Amortization expense for the year ended December 31, 2023 is $7,333.

NOTE F – LEASES

The Organization follows FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The Organization has elected the "package of practical expedients". In addition, the Organization adopted the practical expedient of using the risk-free interest rate and the short-term lease definition.

The Organization rents space in Oakland, San Jose, Fresno, and Long Beach, California, under various non-cancellable lease agreements and maintains non-cancellable lease agreements for various office equipment. In addition, the Organization has lease agreements for co-working spaces and storage that are below the threshold for treatment as operating leases and are thus reflected as short term leases.

The client used a risk-free interest rate based on the duration of the lease which resulted in rates of 3.62%, 1.55%, 1.04%, and 4.17% to determine present value. Right-of-use assets were $1,716,304 and lease liabilities were $1,758,716 as of December 31, 2023. The weighted-average discount rate used to calculate the present value of future minimum lease payments was the risk-free interest rate of 3.37%. The weighted-average lease term was 5.98 years at December 31, 2023.

Lease expense consists of the following for the year ended December 31, 2023:

Operating lease expense	$ 314,618
Short term lease expense	32,355
Total lease expense	$ 346,973

The total cash amount paid for operating leases was $282,542 for the fiscal year ended December 31, 2023, with a non-cash component of $32,076.

Future minimum payments for the fiscal year ended December 31 is as follows:

	Operating Leases	Short-term Leases	Grand Total
2024	$ 318,319	$ 4,784	$ 323,103
2025	327,131	3,184	330,315
2026	336,340	1,584	337,924
2027	312,292	660	312,952
2028	284,056	-	284,056
2029	191,769	-	191,769
2030	147,572	-	147,572
2031	37,149	-	37,149
Total minimum lease payments	1,954,628	10,212	1,964,840
Less: net present value	(195,912)	-	(195,912)
PV of minimum lease payments	$ 1,758,716	$ 10,212	$ 1,768,928

NOTE G – EMPLOYEE BENEFITS

The Organization's employees are entitled to paid time off based upon length of service and other factors. As of December 31, 2023, the respective accrued vacation liability was $205,369. This amount is reflected as accrued expenses in the statement of financial position.

The Organization accrues a ninety-day sabbatical for regular staff after five years of continuous employment. Additional sabbaticals are accrued after three years of continuous employment thereafter. The sabbatical accrues over five years or three years, depending on the employee, but is not payable to the employee upon termination of employment. The accrued sabbatical payable is $97,964 at December 31, 2023 and is included in the accompanying statement of financial position.

The Organization offers employees the opportunity to participate in a salary reduction retirement plan (with discretionary employer profit-sharing contributions) qualified under Internal Revenue Code Section 401(k). The Plan covers all eligible participants and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and, as such, has been amended periodically to comply with changes made to ERISA. Employer contributions for matching is $0 for the year ended December 31, 2023.

NOTE H – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$11,520,839
Receivables	3,207,333
Total Financial Assets	14,728,172
Less amounts not available to be used within one year:	
Net assets with purpose restrictions to be met in one year	(5,342,214)
Financial assets available to meet cash needs for general expenditures within one year	$9,385,958

The Organization has $9,385,958 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE I – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2023, the Organization engaged the consulting services of a member of the Board of Directors. Total amount paid to the Board member is $5,000 for the year ended December 31, 2023.

NOTE J – IN-KIND DONATIONS

During the year ended December 31, 2023, the Organization received the following in-kind services:

Services Received and Allocation	Basis for Valuation	Total
Professional services – Program	FMV stated by donor	$ 5,408
Professional services – Admin.	FMV stated by donor	2,297
		$ 7,705

NOTE K – FISCAL SPONSORSHIP

For the year ended December 31, 2023, the Organization served as fiscal sponsor for Youth Organize California. In this capacity, the Organization is responsible for ensuring funds are properly spent to achieve the project's goals. As a condition of this arrangement, such goals must align with and further the Organization's mission. The Organization anticipates continuing this fiscal sponsorship until the objectives can no longer be accomplished or the project no longer has the funds to continue. During the year ended December 31, 2023, the Organization received $2,281,868 for the fiscally sponsored project and disbursed $1,927,755, while earning an administrative fee of $228,187.

NOTE L – NET ASSETS WITH DONOR RESTRICTIONS

For the year ended December 31, 2023, net assets with donor restriction activity consisted of the following:

Nature of Restriction	Beginning Balance	Income and Contributions	Released from Restriction	Ending Balance
Purpose:				
Campaign/Alliances	$ 839,619	$ 479,651	($1,099,502)	$ 219,768
Regrants	292,150	503,500	(715,650)	80,000
Civic engagement	15,000	113,487	(108,044)	20,443
YO! Cali	4,292,457	2,281,868	(2,155,942)	4,418,383
Development	23,482	20,000	(43,482)	-
Teacher diversity	-	600,000	-	600,000
PFL	-	276,599	(272,979)	3,620
Time	100,000	-	(100,000)	-
Total	$5,562,708	$4,275,105	($4,495,599)	$5,342,214

NOTE M – SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition and disclosure through September 12, 2024, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2023, that required recognition or disclosure in the financial statements.