Becoming Independent

(a California Not-for-Profit Corporation)

Financial Statements
For the Years Ended June 30, 2020 and 2019

Together with Independent Auditors' Report

Becoming Independent

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements	
Statements of financial position	3
Statements of activities and changes in net assets	4
Statements of functional expenses	6
Statements of cash flows	8
Notes to financial statements	9

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Independent Auditors' Report

To the Board of Directors of
Becoming Independent
Santa Rosa, California

We have audited the accompanying financial statements of Becoming Independent, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Becoming Independent as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dillwood Burkel & Millar, LLP

Santa Rosa, California
December 3, 2020

Becoming Independent

Statements of Financial Position
As of June 30, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	$ 5,223,677	$ 1,781,667
Accounts receivable, net	1,107,704	1,192,575
Pledges receivable	-	88,841
Restricted cash and cash equivalents	617,410	661,625
Prepaid expenses and other current assets	270,031	173,481
Total current assets	7,218,822	3,898,189
Noncurrent assets		
Investments	1,895,456	1,953,900
Property, equipment and improvements, net	4,993,303	5,550,340
Other noncurrent assets	13,256	9,991
Total noncurrent assets	6,902,015	7,514,231
Total assets	$ 14,120,837	$ 11,412,420
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	$ 1,432,558	$ 906,468
Notes payable, current portion, net	336,391	331,391
Borrowing premium, current portion	14,535	13,502
Total current liabilities	1,783,484	1,251,361
Noncurrent liabilities		
Government note payable	2,071,204	-
Notes payable, noncurrent portion, net	2,178,116	2,510,340
Borrowing premium, noncurrent portion	58,314	72,849
Total noncurrent liabilities	4,307,634	2,583,189
Total liabilities	6,091,118	3,834,550
Net assets		
Without donor restrictions	7,880,036	7,383,224
With donor restrictions	149,683	194,646
Total net assets	8,029,719	7,577,870
Total liabilities and net assets	$ 14,120,837	$ 11,412,420

See accompanying Notes to Financial Statements.

Becoming Independent

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Service fees	$ 12,274,962	$ -	$ 12,274,962
Work activities revenue	865,033	-	865,033
Contributions and grants	391,449	259,145	650,594
Santa Rosa Junior College subsidy	509,614	-	509,614
Investment income	81,932	-	81,932
Gain on sale of assets	2,132	-	2,132
Net assets released from restrictions	304,108	(304,108)	-
Total support and revenue	14,429,230	(44,963)	14,384,267
Expenses			
Program services			
Day training and activities	8,193,354	-	8,193,354
Transportation	756,940	-	756,940
Independent living skills	3,313,664	-	3,313,664
Total program services	12,263,958	-	12,263,958
Support services			
Management and general	1,192,888	-	1,192,888
Fundraising	475,572	-	475,572
Total supporting services	1,668,460	-	1,668,460
Total expenses	13,932,418	-	13,932,418
Changes in net assets	496,812	(44,963)	451,849
Net assets at beginning of year	7,383,224	194,646	7,577,870
Net assets at end of year	$ 7,880,036	$ 149,683	$ 8,029,719

See accompanying Notes to Financial Statements.

Becoming Independent

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Service fees	$ 11,311,505	$ -	$ 11,311,505
Work activities revenue	1,174,437	-	1,174,437
Contributions and grants	611,956	279,202	891,158
Santa Rosa Junior College subsidy	563,717	-	563,717
Investment income	80,947	-	80,947
Gain on sale of assets	12,454	-	12,454
Net assets released from restrictions	549,843	(549,843)	-
Total support and revenue	14,304,859	(270,641)	14,034,218
Expenses			
Program services			
Day training and activities	8,072,762	-	8,072,762
Transportation	738,338	-	738,338
Independent living skills	2,909,082	-	2,909,082
Total program services	11,720,182	-	11,720,182
Support services			
Management and general	1,230,946	-	1,230,946
Fundraising	617,902	-	617,902
Total supporting services	1,848,848	-	1,848,848
Total expenses	13,569,030	-	13,569,030
Changes in net assets	735,829	(270,641)	465,188
Net assets at beginning of year	6,647,395	465,287	7,112,682
Net assets at end of year	$ 7,383,224	$ 194,646	$ 7,577,870

Becoming Independent

Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services				Supporting Services			
	Day Training and Activities	Transportation	Independent Living Skills	Program Services Total	Management and General	Fundraising	Supporting Services Total	**Total Expenses**
Salaries, staff	$ 4,800,943	$ 327,112	$ 2,472,758	$ 7,600,813	$ 715,069	$ 267,958	$ 983,027	$ 8,583,840
Salaries, clients	340,450	-	-	340,450	-	-	-	340,450
Employee benefits	582,194	60,356	301,864	944,414	61,714	27,585	89,299	1,033,713
Payroll taxes/workers comp	545,815	39,992	240,822	826,629	68,466	26,621	95,087	921,716
	6,269,402	427,460	3,015,444	9,712,306	845,249	322,164	1,167,413	10,879,719
Supplies	350,737	5,097	47,790	403,624	49,018	13,086	62,104	465,728
Professional fees	249,045	9,512	40,294	298,851	116,875	29,205	146,080	444,931
Vehicle expenses	213,283	129,713	564	343,560	10	6	16	343,576
Repairs and maintenance	101,454	5,935	27,854	135,243	17,803	12,370	30,173	165,416
Rent	136,843	54	7,964	144,861	2,311	3,610	5,921	150,782
Travel and transportation	59,240	792	77,923	137,955	302	350	652	138,607
Marketing	31,939	614	2,849	35,402	33,310	63,963	97,273	132,675
Utilities	91,072	3,918	17,105	112,095	9,411	2,858	12,269	124,364
Insurance	96,188	2,647	12,288	111,123	5,861	1,701	7,562	118,685
Interest	77,956	2,040	9,474	89,470	4,518	1,312	5,830	95,300
Telephone and data	67,722	1,314	15,856	84,892	6,919	2,085	9,004	93,896
Training and conference	46,146	521	2,418	49,085	17,378	1,203	18,581	67,666
Other	46,148	826	2,003	48,977	8,450	6,790	15,240	64,217
Postage and copying	3,448	1	4	3,453	5,603	9,072	14,675	18,128
	1,571,221	162,984	264,386	1,998,591	277,769	147,611	425,380	2,423,971
Depreciation and amortization	352,731	166,496	33,834	553,061	69,870	5,797	75,667	628,728
Total	$ 8,193,354	$ 756,940	$ 3,313,664	$ 12,263,958	$ 1,192,888	$ 475,572	$ 1,668,460	$ 13,932,418

See accompanying Notes to Financial Statements.

Becoming Independent

Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services				Supporting Services			
	Day Training and Activities	Transportation	Independent Living Skills	Program Services Total	Management and General	Fundraising	Supporting Services Total	**Total Expenses**
Salaries, staff	$ 4,575,770	$ 331,255	$ 2,131,715	$ 7,038,740	$ 662,699	$ 284,866	$ 947,565	$ 7,986,305
Salaries, clients	479,836	-	-	479,836	-	-	-	479,836
Employee benefits	676,528	72,028	273,311	1,021,867	83,408	32,220	115,628	1,137,495
Payroll taxes/workers comp	504,554	67,067	268,367	839,988	50,687	24,223	74,910	914,898
	6,236,688	470,350	2,673,393	9,380,431	796,794	341,309	1,138,103	10,518,534
Supplies	378,895	5,027	39,376	423,298	70,377	9,059	79,436	502,734
Vehicle expenses	333,046	160,765	648	494,459	352	236	588	495,047
Professional fees	115,834	2,918	13,104	131,856	160,091	35,971	196,062	327,918
Repairs and maintenance	107,290	5,115	12,890	125,295	31,623	68,634	100,257	225,552
Marketing	10,014	161	1,278	11,453	35,925	112,322	148,247	159,700
Travel and transportation	67,111	2,428	79,210	148,749	994	655	1,649	150,398
Utilities	116,650	3,022	6,547	126,219	12,048	2,753	14,801	141,020
Insurance	80,002	2,681	13,083	95,766	26,478	2,320	28,798	124,564
Rent	102,432	81	8,280	110,793	2,672	25	2,697	113,490
Interest	85,896	2,108	9,696	97,700	4,019	1,370	5,389	103,089
Training and conference	37,801	1,541	11,415	50,757	29,430	4,986	34,416	85,173
Telephone and data	51,488	3,458	8,829	63,775	3,974	2,173	6,147	69,922
Other	35,979	13	693	36,685	17,146	9,993	27,139	63,824
Postage and copying	2,480	15	164	2,659	2,566	19,060	21,626	24,285
	1,524,918	189,333	205,213	1,919,464	397,695	269,557	667,252	2,586,716
Depreciation and amortization	311,156	78,655	30,476	420,287	36,457	7,036	43,493	463,780
Total	$ 8,072,762	$ 738,338	$ 2,909,082	$ 11,720,182	$ 1,230,946	$ 617,902	$ 1,848,848	$ 13,569,030

See accompanying Notes to Financial Statements.

Becoming Independent

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
	Increase (decrease) in cash and cash equivalents	
Cash flows from operating activities		
Increase in net assets	$ 451,849	$ 465,188
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Contributed equipment	-	(56,350)
Depreciation and amortization	628,729	463,778
Amortization of bond premium	(13,502)	(12,236)
Net realized and unrealized gain	(10,420)	(58,764)
(Increase) decrease in operating assets:		
Accounts receivable	84,871	(155,774)
Prepaid expenses and other current assets	(96,550)	(24,794)
Pledges receivable	88,841	(83,841)
Increase in operating liabilities:		
Accounts payable and accrued expenses	526,090	13,725
Net cash and cash equivalents provided by operating activities	1,659,908	550,932
Cash flows from investing activities		
Acquisition of property, equipment and improvements	(64,614)	(398,859)
Decrease in other noncurrent assets	(3,265)	5,371
Purchases of investment securities	(785,737)	(1,507,891)
Proceeds from sale of investment securities	870,299	1,516,701
Net cash and cash equivalents provided by (used in) investing activities	16,683	(384,678)
Cash flows from financing activities		
Proceeds from government note payable	2,071,204	-
Principal payments on notes payable	(350,000)	(340,000)
Net cash and cash equivalents provided by (used in) financing activities	1,721,204	(340,000)
Net increase (decrease) in cash and cash equivalents	3,397,795	(173,746)
Cash and cash equivalents at beginning of year	2,443,292	2,617,038
Cash and cash equivalents at end of year	$ 5,841,087	$ 2,443,292
Unrestricted cash and cash equivalents	$ 5,223,677	$ 1,781,667
Restricted cash and cash equivalents	617,410	661,625
Cash and cash equivalents at end of year	$ 5,841,087	$ 2,443,292
Supplemental cash flow information		
Cash paid for interest	$ 113,177	$ 119,575

See accompanying Notes to Financial Statements.

Note 1. Nature of Activities

Becoming Independent (the "Organization" or "BI") is a California not-for-profit corporation that helps people with developmental disabilities live meaningful and productive lives. BI is a community benefit organization serving Sonoma, Napa and Solano counties with a purpose of elevating human abilities for the mutual benefit of the community. Each year thousands of individuals are welcomed with opportunities to be productive and engaged community members through three strategic initiatives: education, supported living, and employment.

Note 2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations and, therefore, are available to carry out the Organization's operations.

With donor restrictions – Net assets consist of unconditional promises to give by donors that specify a specific use or the occurrence of a certain future event. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments with original maturities of three months or less to be cash equivalents, except when a restriction is imposed which limits the investment's use to long-term. Cash is held in demand accounts at banks, and cash balances may exceed the federally insured amounts during the year.

Note 2. Significant Accounting Policies*, continued*

Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual, donor imposed or board designated restrictions within one year of the balance sheet date, as of June 30,

	2020	2019
Cash	$ 5,841,087	$ 2,443,292
Accounts receivable	1,107,704	1,281,416
Total financial assets at year end	6,948,791	3,724,708
Less those unavailable for general expenditures within one year due to:		
Debt service reserve	(617,410)	(661,625)
Donor restricted funds	(149,683)	(194,646)
Current maturities of notes payable with borrowing premium	(349,893)	(490,726)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,831,805	$ 2,377,711

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. To help manage unanticipated liquidity needs, the Organization maintains a line of credit in amount of $1,000,000, which it could draw upon. See Note 5 for further information about the line of credit agreement.

Contribution Revenues

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair value at date of receipt. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the year received. Many individuals volunteer their time and perform a variety of tasks that assist the Organization at various events; however, these donated services are not reflected in the financial statements as the services do not require specialized skills.

Note 2. Significant Accounting Policies*, continued*

Service Fees and Other Contract Revenues

The Organization provides services and manages client services according to contract agreements entered into with third parties. Service fees and contract revenues are recognized when the services are provided.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on accounts receivable balances.

The Organization uses the allowance method for recognition of losses from uncollectible accounts receivable. At June 30, 2020 and 2019, accounts receivable are presented net of an allowance for doubtful accounts in the amount of $1,500 and $1,851, respectively.

Property and Improvements

Property and improvements are recorded at acquisition cost. Depreciation is computed using the straight line method over the estimated useful lives of the assets ranging from 3 to 40 years. Leasehold improvements are amortized on a straight-line basis over the lesser of the useful life of the asset or the term of the lease with any unamortized balance written off to expense if a lease is terminated before the improvement has been fully amortized. It is the Organization's policy to capitalize all computers, equipment, furniture and fixtures at costs greater than $2,500.

Contributed property and equipment are recorded at fair value at the date of donation. In the absence of donor stipulations, all contributions of property and equipment are recorded as unrestricted support and depreciated over the assets' estimated useful lives. Contributions of personal property are recorded at fair value which is both measurable and objective. Long-lived assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support until the donated assets are purchased and placed in service. Upon the assets being placed in service, the restrictions are considered met and funds are released to unrestricted support. Expenditures for maintenance and repairs are charged to expense when incurred.

Note 2. Significant Accounting Policies, *continued*

Property and Improvements, *continued*

The Organization reviews the carrying value of property and improvements for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at June 30, 2020 and 2019.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represents debt reserve funds, which are being held by a trustee for future debt service payments.

Investments

Investments consist primarily of marketable securities, fixed income, equity and bond mutual funds, while additional smaller investments are in certificates of deposit. The Organization records all investments at fair value in the statements of financial position and investment returns (including realized and unrealized gains and losses on investments, interest and dividends, and investment advisory fees) in the statements of activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fair Value Measurements

The fair value of an investment is the amount that would be received to sell the investment in an orderly transaction between market participants at the measurement date. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Note 2. Significant Accounting Policies, *continued*

Fair Value Measurements, *continued*

Level 1: Valuations are based on quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access.
Level 2: Valuations are based on pricing inputs that are other than quoted prices in active markets which are either directly or indirectly observable.
Level 3: Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models and similar techniques.

The categorization of an investment within the hierarchy is based on the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment.

The carrying value of cash, accounts receivable and accounts payable approximates fair value due to the short maturity of these instruments. The carrying value of short and long-term debt approximates fair value based on discounting the projected market rates available for debt instruments with similar maturities.

Functional Expense Allocation

Expenses that are specifically identifiable are charged directly to the appropriate functional category. All other expenses are charged based on a reasonable allocation. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Organization.

Income Taxes

The Organization is a nonprofit corporation under Internal Revenue Code Section 501(c)(3) and has been granted tax-exempt status by the Internal Revenue Service and the California Revenue and Taxation Code.

The Organization determines whether its tax positions are "more-likely-than-not" to be sustained upon examination by the applicable taxing authority based on the technical merits of the positions. As of June 30, 2020, the Organization had no unrecognized tax positions or uncertain tax positions requiring accrual. Therefore, no provision for income taxes has been provided in the financial statements. Exempt organization information returns are subject to review through three years after the date of filing for federal and four years after the date of filing for California.

Note 2. Significant Accounting Policies*, continued*

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support and expenses. The use of management's estimates primarily relates to the collectability of accounts receivable, and depreciable lives of property, equipment and improvements. Actual results could differ from those estimates.

New Accounting Pronouncement Adopted

In December 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, which provides guidance for recognizing revenue from contracts with customers. The core principle of Topic 606 is that revenue will be recognized when promised goods or services are transferred to customers in an amount that reflects consideration for which entitlement is expected in exchange for those goods or services. The adoption of ASU 2016-10 is effective for the Organization beginning July 1, 2019. There was no material impact on the Organization's financial position upon adoption of the new standard.

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves current guidance about whether a transfer of assets, or a reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. The ASU was adopted as of July 1, 2019. There was no material impact on the Organization's previously reported changes in net assets or net assets balances upon adoption of the new standard.

Pronouncements Effective in the Future

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The adoption of ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of the provisions of ASU 2016-02 on the financial statements.

Note 3. Investments

Investments are the Organization's only financial assets that are measured at fair value on a recurring basis. All investments held by BI are considered Level 1 financial assets. As of June 30, investments include the following:

	2020		2019	
	Fair Value	*Costs*	*Fair Value*	*Costs*
Fixed income mutual funds	$ 143,974	$ 139,164	$ 71,457	$ 69,536
Equity mutual funds	762,329	669,129	958,740	894,790
Bond mutual funds	452,625	434,838	497,990	482,286
Marketable Securities	504,035	416,190	395,498	346,620
Certificates of Deposit	32,493	30,000	30,215	30,000
Total	$ 1,895,456	$1,689,321	$ 1,953,900	$1,823,232

Investment returns are comprised of the following for the years ended June 30:

	2020	2019
Interest and dividends	$ 23,042	$ 22,183
Realized losses	(13,896)	(38,509)
Unrealized gains	72,786	97,273
	$ 81,932	$ 80,947

Dividend and interest income earned is reported net of investment advisory and trustee fees, which totaled approximately $15,431 and $14,780 respectively, for the years ended June 30, 2020 and 2019.

As described above, the Organization invests in various investment securities. Investment securities are exposed to interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the fair value of the investment balance.

Note 4. Property and Improvements

Property and improvements consisted of the following at June 30:

	2020	2019
Buildings and improvements	$ 5,334,728	$ 5,334,728
Furniture and equipment	533,575	816,097
Vehicles	1,857,198	2,013,462
Leasehold improvements	117,083	82,752
Depreciable assets	7,842,584	8,247,039
Accumulated depreciation	(5,127,049)	(4,974,467)
	2,715,535	3,272,572
Land	2,277,768	2,277,768
	$ 4,993,303	$ 5,550,340

Depreciation amounted to $605,953 and $441,002 for the years ended June 30, 2020 and 2019, respectively.

Note 5. Line of Credit

The Organization has a $1,000,000 secured revolving line of credit with a commercial bank with a maturity date of June 1, 2021. Borrowings against the line bear interest at the bank's interest rate (4.25%) plus 1.0% on the day of advance. Interest is payable monthly. There were no borrowings against the line as of June 30, 2020 and 2019.

Note 6. Note Payable to Trust

On April 30, 2013, BI entered into a note payable agreement with California Health Facilities Financing Authority through the issuance of Insured Refunding Revenue Bonds (the "Bonds"). In connection with the refinancing, Bonds in the amount of $4,865,000 were issued at a premium of $154,599. The proceeds from the borrowing were used to refinance the outstanding long-term debt balance carried by the Organization.

The true interest cost of the note payable is 3.03% per annum. Principal and interest are payable semiannually on February 1 and August 1 of each year, commencing August 1, 2013, with the final payment due on February 1, 2029.

Note 6. Note Payable to Trust*, continued*

According to the borrowing agreement, the Organization is required to maintain a debt service reserve account with a third-party trustee. The amount maintained in the account is reported as restricted cash and cash equivalents on the Statements of Financial Position. The borrowing agreement also requires the Organization to make monthly installment payments including interest to a bank account maintained by a third-party trustee to satisfy the funding requirements of the bond issued in connection with the note.

As of June 30, 2020 and 2019, $617,410 and $661,625, respectively, were held by the trustee to be applied to the principal and related interest payments.

Future principal and interest payments net of loan origination fees are as follows for the years ending June 30:

	Principal	Loan Origination Fees	Net Total Principal	Accrued Interest	Future Minimum Payments
2021	$ 316,250	$ (22,776)	$ 293,474	$ 94,375	$ 387,849
2022	259,167	(22,776)	236,391	83,294	319,685
2023	271,250	(22,776)	248,474	71,631	320,105
2024	284,167	(22,776)	261,391	59,425	320,816
2025	294,167	(22,776)	271,391	48,450	319,841
Thereafter	1,284,999	(81,613)	1,203,386	135,250	1,338,636
Total	$ 2,710,000	$ (195,493)	$ 2,514,507	$ 492,425	$ 3,006,932

Loan origination fees are amortized using the straight-line method over the term of the note payable, which approximates the amortization using the effective interest rate method.

The borrowing premium is to be amortized over the term of the debt using the effective interest rate method. During the year ended June 30, 2020 and 2019, borrowing premium in the amount of $13,502 and $12,236, respectively, was amortized to interest expense. Unamortized borrowing premium amounted to $72,849 and $86,351 as of June 30, 2020 and 2019, respectively.

Future amortization of borrowing premium for the years ending June 30 is as follows:

2021	$ 14,535
2022	12,630
2023	9,745
2024	6,771
2025	5392
Thereafter	23,776
	$ 72,849

Note 6. Note Payable to Trust*, continued*

In addition to making monthly installment payments to the trustee to satisfy the funding requirements of the debt, the borrowing agreement also requires that the Organization maintain certain financial covenants. As of June 30, 2020, the Organization was in compliance with all such covenants.

Note 7. Government Note Payable

In April 2020, the Organization applied for and received a Paycheck Protection Program ("PPP") loan through the Small Business Administration in relation to the coronavirus pandemic (See Note 13). The Organization received $2,071,204, and bears interest of 1%. The loan matures 2 years from its issuance and payments are deferred for the first 10 months. If the Organization meets certain criteria the loan may be fully forgiven. The Organization believes they will meet this criteria and will have the loan fully forgiven.

Note 8. Net Asset with Donor Restrictions

As of June 30, 2020 and 2019, the net assets with donor restriction consisted from the funding for specific purposes in the amounts of $149,683 and $194,646, respectively and both years were presented on the financial statements as cash and cash equivalents.

Net assets released from program restrictions amounted to $304,108 and $549,843 during the years ended June 30, 2020 and 2019, respectively.

Note 9. Lease Commitments

Commitments under Operating Leases

The Organization leases facilities from which it conducts operations. The facilities are leased under non-cancelable operating leases. These leases have various expiration dates from August 2020 through December 2021 and require minimum monthly payments of approximately $9,000 as of June 30, 2020.

The following is a schedule of minimum payments required under non-cancelable operating leases as of June 30, 2020 for future years ending June 30:

2021	$	42,922
2022		7,868
2023		3,973
	$	54,763

Rental expense under non-cancelable operating lease agreements totaled $141,500 and $104,953 for the years ended June 30, 2020 and 2019, respectively.

Note 10. Concentrations

Cash

At various times during the year ended June 30, 2020 and 2019, the Organization had deposit amounts with a financial institution in excess of the $250,000 Federal Deposit Insurance Corporation ("FDIC") insurance limit. The Organization had approximately $4,748,000 and $1,462,000 on deposit in excess of the FDIC insured amount at June 30, 2020 and 2019, respectively.

Significant Revenue Sources

A significant portion of the Organization's total support and revenue is from services rendered to clients from the following sources for the years ended June 30:

	2020	**2019**
North Bay Regional Center	86%	81%
Santa Rosa Junior College	4%	4%

Accounts receivable include $1,083,346 and $1,043,345 from these sources at June 30, 2020 and 2019, respectively.

The service contracts with these agencies are renewed periodically, ranging from every year to every five years.

Note 11. Employee Benefit Plan

The Organization has a 403(b) Plan available to employees. Employees may contribute up to the Internal Revenue Service determined maximum, with limits to their annual compensation. The Organization makes discretionary matching contributions, which become fully vested after plan participants complete three years of services. BI’s matching contributions totaled $94,177 and $94,319 for the years ended June 30, 2020 and 2019, respectively.

Note 12. Contingencies

On March 11, 2020, The World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closing and shelter in place orders. It is at least reasonably possible that this matter will negatively impact the Organization. However, the financial impact and duration cannot be reasonably estimated at this time.

Note 13. Subsequent Events

Subsequent to year-end in October 2020, BI entered into an escrow agreement with an unrelated not-for-profit organization to sell one of the Organization's buildings for $3,072,000.

The Organization evaluated subsequent events from July 1, 2020 through December 3, 2020, the date which the financial statements were available to be issued, and determined that other than the escrow agreement discussed above, there are no material subsequent events that required recognition or additional disclosure in these financial statements.