



Financial Statements
June 30, 2021 and 2020

United Parents & Students

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Independent Auditor's Report

Board of Directors
United Parents & Students
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of United Parents & Students ("UP&S") (a California Nonprofit Public Benefit Corporation), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to UP&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 UP&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 respective financial position of UP&S, as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Comparative Information

We have previously audited the UP&S' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2020. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it had been derived.

Rancho Cucamonga, California
February 4, 2022

United Parents & Students
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 1,350,879	\$ 1,269,231
Accounts receivable	105,733	38,400
Prepaid expenses	992	7,529
Total current assets	1,457,604	1,315,160
Non-current assets		
Property and equipment, net	17,750	27,011
Total assets	\$ 1,475,354	\$ 1,342,171
Liabilities		
Current liabilities		
Accounts payable	\$ 136,869	\$ 139,005
Accounts payable - related party	43,195	140,189
Refundable Advance	142,619	431,216
Total current liabilities	322,683	710,410
Net Assets		
Without donor restriction	967,979	556,761
With donor restriction	184,692	75,000
Total net assets	1,152,671	631,761
Total liabilities and net assets	\$ 1,475,354	\$ 1,342,171

United Parents & Students
Statements of Activities
Year Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Support and revenues		
PPP loan forgiveness revenue	\$ 217,050	\$ -
Contributions and grants	244,748	403,846
Local revenue	1,100,783	1,008,406
Net assets released from restrictions	<u>377,885</u>	<u>24,926</u>
Total support and revenues	<u>1,940,466</u>	<u>1,437,178</u>
Expenses		
Program services		
Salaries and benefits	1,133,481	1,158,930
Student services	181,409	92,393
Materials and supplies	33,658	172,211
Other expenses	3,849	23,457
Depreciation	9,261	9,261
Occupancy	<u>34,090</u>	<u>29,980</u>
Subtotal	<u>1,395,748</u>	<u>1,486,232</u>
Management and general		
Shared service fee - related party	<u>133,500</u>	<u>208,812</u>
Total expenses	<u>1,529,248</u>	<u>1,695,044</u>
Change in Net Assets Without Donor Restriction	<u>411,218</u>	<u>(257,866)</u>
Net Assets with Donor Restriction		
Contributions and grants, net	487,577	75,000
Net assets released from restrictions	<u>(377,885)</u>	<u>(24,926)</u>
Change in Net Assets with Donor Restriction	<u>109,692</u>	<u>50,074</u>
Change in Net Assets	520,910	(207,792)
Net Assets, Beginning of Year	<u>631,761</u>	<u>839,553</u>
Net Assets, End of Year	<u>\$ 1,152,671</u>	<u>\$ 631,761</u>

United Parents & Students
Statements of Cash Flows
Year Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 520,910	\$ (207,792)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation expense	9,261	9,261
Changes in operating assets and liabilities		
Accounts receivable	(67,333)	(38,100)
Prepaid expenses	6,537	(7,529)
Accounts payable and accruals	(2,136)	48,617
Accounts payable - related party	(96,994)	57,258
Refundable Advance	(288,597)	142,361
	81,648	4,076
Net Cash from (used for) Operating Activities		
Cash and Cash Equivalents, Beginning of Year	1,269,231	1,265,155
Cash and Cash Equivalents End of Year	\$ 1,350,879	\$ 1,269,231

Note 1 - Principal Activity and Significant Accounting Policies

United Parents and Students (“UP&S”) was formed in July 2016 as a nonprofit public benefit corporation to help families address the factors outside school boundaries that not only pose barriers to learning but also inhibit local quality of life as a whole. UP&S receives services from Green Dot Public Schools National (“GDPS National”). GDPS National represents a related party, and transactions between UP&S and GDPS National have been identified on the face of the financial statements. See Note 12 for additional details regarding related party relationships and transactions.

UP&S currently serves communities in California, Washington, Tennessee, and New Mexico.

UP&S, a California nonprofit public benefit corporation, was organized and operates exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (“IRC”); specifically, to promote the advancement of education and to lessen the burdens of government by fostering community involvement in the effort to transform public education and community self-advocacy.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Comparative Financial Information

The accompanying financial statements include certain prior-year comparative information. Such information does include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with UP&S’ audited financial statements for the year ending June 30, 2020, from which summarized information was derived.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. UP&S reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, 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

UP&S considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as UP&S deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2021 are related to grant contributions and are expected to be collected within a period of less than one year.

Property and Equipment

It is UP&S' policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

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

Revenue and Revenue Recognition

Operating funds for UP&S are derived principally from local contributions and service revenues from Green Dot Public Schools California ("GDPS CA"). See Note 12 for additional details regarding related party relationships and transactions. Contributions are recognized when cash or notification of an entitlement is received.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when UP&S would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

UP&S was granted a \$217,050 loan under the Paycheck Protection Program (“PPP”) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. UP&S has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. UP&S initially recorded the loan as a refundable advance in the 2020-2021 fiscal year and subsequently recognized grant revenue in the 2020-2021 fiscal year in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. UP&S has recognized \$217,050 as PPP loan forgiveness revenue for the year ended June 30, 2021.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities such as management and general activities. The statement of activities present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management’s estimates. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses, excluding depreciation and grant disbursements are allocated on the basis of estimates of time and effort.

Income Taxes

UP&S is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (“IRS”) as exempt from federal income taxes under Section 501(a) of the IRC as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction. It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. UP&S is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, UP&S is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. UP&S determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that UP&S has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. UP&S would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassification of Comparative Statements

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported net assets.

Recent Accounting Pronouncements

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets*, which requires a nonprofit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The ASU is effective for UP&S for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

As of July 1, 2020, UP&S adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. Management has determined that the adoption of this standard did not have a significant impact on the UP&S' financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. UP&S has adopted this ASU as of July 1, 2020. Management has determined that the adoption of this standard did not have a significant impact on the UP&S' financial statement disclosures.

Note 2 - Liquidity and Availability

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

Financial Assets		
Cash and cash equivalents	\$	1,350,879
Accounts receivable		<u>105,733</u>
Financial Assets, at year-end		<u>1,456,612</u>
Less those unavailable for general expenditures within one year, due to Donor-imposed restrictions		
Restrictions by donor with purpose restrictions		<u>(184,692)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u><u>\$ 1,271,920</u></u>

As part of the UP&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.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents consist of the following at June 30, 2021, and 2020:

	2021		2020	
	Reported Amount	Bank Balance	Reported Amount	Bank Balance
Cash on hand and in banks	<u>\$ 1,350,879</u>	<u>\$ 1,355,438</u>	<u>\$ 1,269,231</u>	<u>\$ 1,286,267</u>

All of UP&S' cash is held in non-interest-bearing checking accounts, which are subject to federally insured limits.

UP&S has not experienced any losses in such accounts. At June 30, 2021, UP&S had a balance of \$1,105,438 more than the Federal Deposit Insurance Corporation's insured limits in non-interest-bearing accounts.

Note 4 - Accounts Receivable

Accounts receivable consist of the following at June 30, 2021, and 2020:

	2021	2020
Contribution receivable	<u>\$ 105,733</u>	<u>\$ 38,400</u>

Note 5 - Property and Equipment

Property and equipment consist of the following at June 30, 2021 and 2020:

	2021	2020
Computer and equipment	\$ 59,424	\$ 59,424
Less: accumulated depreciation	(41,674)	(32,413)
Total	\$ 17,750	\$ 27,011

Note 6 - Accounts Payable and Accruals

Accounts payable and accruals consist of the following at June 30, 2021, and 2020:

	2021	2020
Salaries and benefits	\$ 105,731	\$ 103,152
Accrued expenses	31,138	35,853
Total accounts payable and accruals	\$ 136,869	\$ 139,005

Note 7 - Accounts Payable – Related Party

Accounts payable – related party consist of the following at June 30, 2020, and 2019:

	2021	2020
GDPS National	\$ 43,195	\$ 140,189

Note 8 - Refundable Advance

Refundable advance consists of the following at June 30, 2021, and 2020:

	2021	2020
Contributions	\$ 142,619	\$ 431,216

Note 9 - Net Assets

Net assets consist of the following at June 30, 2021 and 2020:

	2021	2020
Net assets without donor restrictions		
Undesignated	\$ 967,979	\$ 556,761
Net assets with donor restrictions		
Subject to expenditure for specified purpose		
CA Community Organizing	\$ 86,703	\$ -
Food Justice Initiative	97,989	75,000
Total net assets with donor restrictions	\$ 184,692	\$ 75,000

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Satisfaction of purpose restrictions		
Weingart Program	\$ -	\$ 24,926
Built Environment Policy Advocacy Fund Program	89,512	-
Great Public Schools Now Program	163,297	-
Gates Program	125,076	-
Total nets assets released from donor restrictions	\$ 377,885	\$ 24,926

Note 10 - Retirement Plan

401K

UP&S employees may participate in GDPS National's defined contribution plan ("the Plan") covering all eligible employees 21 years or older and with one year of eligibility service. UP&S makes a matching contribution equal to participants' contributions to the Plan up to 4% of the participant's total compensation. Total expense for the year ended June 30, 2021, was \$6,915.

Note 11 - Contingencies, Risks, and Uncertainties

UP&S has been negatively impacted by the effects of the world-wide coronavirus pandemic. UP&S is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to UP&S' financial position is not known beyond increased cash flow monitoring.

Note 12 - Related Party Transactions

GDPS National is the sole member of UP&S. GDPS National is a national organization providing services to UP&S and other related entities. These services include, but are not limited to: Human Resources, Legal, Finance and Accounting, Information Technology, Knowledge Management, Development, Communication, and Strategic Planning. In exchange, UP&S pays service fees to GDPS National. GDPS National grants GDPS CA a non-transferable, non-sub-licensable, and non-exclusive license to use, reproduce, and display the Green Dot brand, which include but are not limited to: trademarks, service marks, design marks, trade names, domain names, registrations in connection with GDPS National's oversight, support activities, and related educational activities of the schools in its region. Due to this relationship GDPS CA has been identified as a related party. At June 30, 2021, UP&S reported an accounts payable – related party of \$43,195.

UP&S provides services to GDPS CA, such as strategies and tools to support community and family engagement, improve student recruitment and community relations. In exchange, GDPS CA pays service fees to UP&S. During the year ended June 30, 2021, UP&S had service revenue of \$1,000,000 from GDPS CA.

	Services Revenue - GDPS CA	Services Expense - GDPS NA
	<u> </u>	<u> </u>
UP&S	<u>\$ 1,000,000</u>	<u>\$ 133,500</u>

Note 13 - Subsequent Events

The UP&S' management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through February 4, 2022, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.