

**Becoming Independent**  
(a California Not-for-Profit Corporation)

**Financial Statements**  
**For the Years Ended June 30, 2025 and 2024**

Together with Independent Auditors' Report

# Becoming Independent

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## *Independent Auditors' Report*

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

### ***Opinion***

We have audited the financial statements of Becoming Independent (a California not-for-profit corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Becoming Independent as of June 30, 2025 and 2024 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Becoming Independent and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 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 Becoming Independent's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Becoming Independent'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.

*Dillwood Burkel + Millar, LLP*

Santa Rosa, California

December 3, 2025

# Becoming Independent

## Statements of Financial Position

As of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 16,799,956	\$ 12,445,942
Accounts receivable, net	1,470,047	1,166,714
Prepaid expenses and other current assets	197,101	151,916
<b>Total current assets</b>	<u>18,467,104</u>	<u>13,764,572</u>
<b>Noncurrent assets</b>		
Investments	5,668,605	5,187,132
Property, equipment and improvements, net	10,947,186	11,160,774
Operating lease right-of-use assets, net	86,452	184,447
Deposits	13,083	13,083
<b>Total noncurrent assets</b>	<u>16,715,326</u>	<u>16,545,436</u>
<b>Total assets</b>	<u><u>\$ 35,182,430</u></u>	<u><u>\$ 30,310,008</u></u>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 613,811	\$ 787,871
Deferred income	175,289	50,750
Accrued settlement liability	790,000	-
Operating lease liabilities, current portion, net	84,502	88,555
<b>Total current liabilities</b>	<u>1,663,602</u>	<u>927,176</u>
<b>Operating lease liabilities, less current portion, net</b>	<u>14,146</u>	<u>98,649</u>
<b>Total liabilities</b>	<u>1,677,748</u>	<u>1,025,825</u>
<b>Net assets</b>		
Net assets without donor restrictions		
Undesignated	17,327,129	28,682,761
Board designated	15,742,255	-
<b>Total net assets without donor restrictions</b>	<u>33,069,384</u>	<u>28,682,761</u>
Net assets with donor restrictions	435,298	601,422
<b>Total net assets</b>	<u>33,504,682</u>	<u>29,284,183</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 35,182,430</u></u>	<u><u>\$ 30,310,008</u></u>

See accompanying Notes to Financial Statements.

# Becoming Independent

## Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Service fees	\$ 12,780,158	\$ -	\$ 12,780,158
Government grant	2,210,135	-	2,210,135
Contributions of financial assets and grants	619,431	308,363	927,794
Contributions of nonfinancial assets	2,988	78,072	81,060
Work activities revenue	968,467	-	968,467
Santa Rosa Junior College subsidy	512,880	-	512,880
Rental revenue	369,335	-	369,335
Investment gains, net	919,565	-	919,565
Other income	14,740	-	14,740
Loss on disposal of assets, net	(15,558)	-	(15,558)
Net assets released from restrictions	552,559	(552,559)	-
<b>Total support and revenue</b>	<b>18,934,700</b>	<b>(166,124)</b>	<b>18,768,576</b>
<b>Expenses</b>			
Program services			
Day training and activities	8,038,638	-	8,038,638
Independent living skills	3,774,437	-	3,774,437
<b>Total program services</b>	<b>11,813,075</b>	<b>-</b>	<b>11,813,075</b>
Support services			
Management and general	2,229,735	-	2,229,735
Fundraising	505,267	-	505,267
<b>Total supporting services</b>	<b>2,735,002</b>	<b>-</b>	<b>2,735,002</b>
<b>Total expenses</b>	<b>14,548,077</b>	<b>-</b>	<b>14,548,077</b>
<b>Changes in net assets</b>	<b>4,386,623</b>	<b>(166,124)</b>	<b>4,220,499</b>
<b>Net assets at beginning of year</b>	<b>28,682,761</b>	<b>601,422</b>	<b>29,284,183</b>
<b>Net assets at end of year</b>	<b>\$ 33,069,384</b>	<b>\$ 435,298</b>	<b>\$ 33,504,682</b>

See accompanying Notes to Financial Statements.

# Becoming Independent

## Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Service fees	\$ 12,018,167	\$ -	\$ 12,018,167
Contributions of financial assets and grants	1,915,579	803,195	2,718,774
Contributions of nonfinancial assets	3,927	70,516	74,443
Work activities revenue	1,174,802	-	1,174,802
Santa Rosa Junior College subsidy	516,720	-	516,720
Investment gains, net	940,493	-	940,493
Other income	10,503	-	10,503
Loss on disposal of assets, net	(10,520)	-	(10,520)
Net assets released from restrictions	364,424	(364,424)	-
<b>Total support and revenue</b>	<b>16,934,095</b>	<b>509,287</b>	<b>17,443,382</b>
<b>Expenses</b>			
Program services			
Day training and activities	6,379,006	-	6,379,006
Transportation	923,786	-	923,786
Independent living skills	3,774,884	-	3,774,884
<b>Total program services</b>	<b>11,077,676</b>	<b>-</b>	<b>11,077,676</b>
Support services			
Management and general	981,877	-	981,877
Fundraising	449,609	-	449,609
<b>Total supporting services</b>	<b>1,431,486</b>	<b>-</b>	<b>1,431,486</b>
<b>Total expenses</b>	<b>12,509,162</b>	<b>-</b>	<b>12,509,162</b>
<b>Changes in net assets</b>	<b>4,424,933</b>	<b>509,287</b>	<b>4,934,220</b>
<b>Net assets at beginning of year</b>	<b>24,257,828</b>	<b>92,135</b>	<b>24,349,963</b>
<b>Net assets at end of year</b>	<b>\$ 28,682,761</b>	<b>\$ 601,422</b>	<b>\$ 29,284,183</b>

See accompanying Notes to Financial Statements.

# Becoming Independent

## Statement of Functional Expenses

For the Year Ended June 30, 2025

	Program Services			Support Services			Total Expenses
	Day Training and Activities	Independent Living Skills	Program Services Total	Management and General	Fundraising	Support Services Total	
Salaries, staff	\$ 4,381,318	\$ 2,703,933	\$ 7,085,251	\$ 752,044	\$ 215,342	\$ 967,386	\$ 8,052,637
Salaries, clients	443,482	-	443,482	10,429	-	10,429	453,911
Employee benefits	569,274	253,608	822,882	77,645	11,427	89,072	911,954
Payroll taxes	447,298	291,513	738,811	50,954	16,854	67,808	806,619
	<u>5,841,372</u>	<u>3,249,054</u>	<u>9,090,426</u>	<u>891,072</u>	<u>243,623</u>	<u>1,134,695</u>	<u>10,225,121</u>
Wage and hour settlement	-	-	-	790,000	-	790,000	790,000
Professional fees	87,384	54,389	141,773	401,530	1,211	402,741	544,514
Supplies	313,996	62,814	376,810	46,440	13,862	60,302	437,112
Vehicle expenses	431,075	-	431,075	50	-	50	431,125
Marketing	24,082	6,276	30,358	8,711	208,753	217,464	247,822
Travel and transportation	121,205	87,137	208,342	375	29	404	208,746
Repairs and maintenance	131,885	46,600	178,485	7,796	2,215	10,011	188,496
Insurance	105,870	42,338	148,208	6,516	2,172	8,688	156,896
Utilities	88,685	30,164	118,849	4,642	1,547	6,189	125,038
Telephone and data	59,737	35,484	95,221	5,937	1,260	7,197	102,418
Other	34,361	2,316	36,677	29,322	13,916	43,238	79,915
Training and conference	22,605	7,639	30,244	11,726	190	11,916	42,160
Rent	12,344	-	12,344	3,362	-	3,362	15,706
Postage and copying	2,397	914	3,311	839	9,348	10,187	13,498
Interest	13,259	-	13,259	-	-	-	13,259
	<u>1,448,885</u>	<u>376,071</u>	<u>1,824,956</u>	<u>1,317,246</u>	<u>254,503</u>	<u>1,571,749</u>	<u>3,396,705</u>
Depreciation and amortization	748,381	149,312	897,693	21,417	7,141	28,558	926,251
<b>Total</b>	<u>\$ 8,038,638</u>	<u>\$ 3,774,437</u>	<u>\$ 11,813,075</u>	<u>\$ 2,229,735</u>	<u>\$ 505,267</u>	<u>\$ 2,735,002</u>	<u>\$ 14,548,077</u>

See accompanying Notes to Financial Statements.

# Becoming Independent

## Statement of Functional Expenses

For the Year Ended June 30, 2024

	Program Services				Support Services			Total Expenses
	Day Training and Activities	Transportation	Independent Living Skills	Program Services Total	Management and General	Fundraising	Support Services Total	
Salaries, staff	\$ 3,717,522	\$ 135,646	\$ 2,678,837	\$ 6,532,005	\$ 608,399	\$ 158,796	\$ 767,195	\$ 7,299,200
Salaries, clients	401,272	-	-	401,272	-	-	-	401,272
Payroll taxes	454,723	12,029	240,685	707,437	77,154	8,673	85,827	793,264
Employee benefits	386,829	13,750	257,954	658,533	39,455	12,199	51,654	710,187
	<u>4,960,346</u>	<u>161,425</u>	<u>3,177,476</u>	<u>8,299,247</u>	<u>725,008</u>	<u>179,668</u>	<u>904,676</u>	<u>9,203,923</u>
Vehicle expenses	27,404	441,884	-	469,288	-	-	-	469,288
Supplies	262,688	7,676	66,932	337,296	49,395	18,092	67,487	404,783
Professional fees	137,285	4,914	81,359	223,558	120,102	1,711	121,813	345,371
Marketing	41,046	608	9,015	50,669	8,332	195,224	203,556	254,225
Training and conference	109,802	262	75,063	185,127	7,813	15	7,828	192,955
Repairs and maintenance	90,047	9,770	33,882	133,699	6,175	12,279	18,454	152,153
Insurance	79,208	8,635	35,611	123,454	5,779	1,922	7,701	131,155
Telephone and data	60,328	2,275	37,709	100,312	5,606	2,474	8,080	108,392
Travel and transportation	35,312	-	71,459	106,771	268	2	270	107,041
Utilities	65,488	7,130	26,131	98,749	4,251	1,470	5,721	104,470
Other	30,482	455	2,570	33,507	19,885	14,474	34,359	67,866
Interest	19,620	1,200	-	20,820	-	-	-	20,820
Postage and copying	3,012	296	1,314	4,622	225	15,266	15,491	20,113
Rent	8,820	203	-	9,023	2,678	-	2,678	11,701
	<u>970,542</u>	<u>485,308</u>	<u>441,045</u>	<u>1,896,895</u>	<u>230,509</u>	<u>262,929</u>	<u>493,438</u>	<u>2,390,333</u>
Depreciation and amortization	448,118	277,053	156,363	881,534	26,360	7,012	33,372	914,906
<b>Total</b>	<u>\$ 6,379,006</u>	<u>\$ 923,786</u>	<u>\$ 3,774,884</u>	<u>\$ 11,077,676</u>	<u>\$ 981,877</u>	<u>\$ 449,609</u>	<u>\$ 1,431,486</u>	<u>\$ 12,509,162</u>

See accompanying Notes to Financial Statements.

# Becoming Independent

## Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
	<i>Increase (decrease)</i>	
	<i>in cash and cash equivalents</i>	
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 4,220,499	\$ 4,934,220
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	926,251	914,906
Reinvested interest and dividend income	(156,872)	(122,764)
Net realized and unrealized gains	(356,138)	(472,651)
Donated equity securities	-	(15,126)
Loss on disposal of assets	15,558	10,520
Decrease (increase) in operating assets:		
Accounts receivable	(303,333)	79,943
Prepaid expenses and other current assets	(45,185)	359
Pledges receivable	-	25,000
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(174,060)	(830,688)
Deferred income	124,539	45,050
Accrued settlement liability	790,000	-
Operating lease liabilities	(88,556)	(80,271)
Net cash and cash equivalents provided by operating activities	<u>4,952,703</u>	<u>4,488,498</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property	5,329	11,326
Proceeds from sale of investment securities	2,399,361	3,387,162
Purchases of investment securities	(2,367,824)	(3,379,981)
Acquisition of property, equipment and improvements	(635,555)	(681,927)
Net cash and cash equivalents used in investing activities	<u>(598,689)</u>	<u>(663,420)</u>
<b>Net increase in cash and cash equivalents</b>	4,354,014	3,825,078
<b>Cash and cash equivalents at beginning of year</b>	<u>12,445,942</u>	<u>8,620,864</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 16,799,956</u>	<u>\$ 12,445,942</u>
<b>Supplemental cash flow information</b>		
Cash paid for interest	<u>\$ 13,259</u>	<u>\$ 20,820</u>

See accompanying Notes to Financial Statements.

# Becoming Independent

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## Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

### Note 1. Nature of Activities

Becoming Independent (the "Organization" or "BI") is a California not-for-profit corporation that helps people with intellectual and developmental disabilities live their most meaningful and productive lives. BI is a community benefit organization serving all of Sonoma County with the purpose of elevating human abilities for the mutual benefit of the community. Each year BI welcomes hundreds of individuals to its programs, which focus on three core initiatives: Education, Employment, and Living Services. The opportunities intersect a myriad of interests from art classes, to volunteerism and employment, to learning to manage one's finances.

To further its mission of providing employment and vocational training opportunities to the individuals it serves, BI rents a portion of its facility for public and private events. These events offer participants a supportive environment in which to develop and practice essential job-related skills. The related revenue is considered program revenue; however, it is presented separately in the financial statements due to the distinct nature of this activity.

### 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 not permanently, or temporarily, restricted by donor-imposed stipulations. Net assets without donor restrictions are available for all operations conducted by BI, for future use in operations in accordance with a board approved plan of action, and investments in property and equipment.

*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 Statements of Activities and Changes in Net Assets 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.

# Becoming Independent

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## Notes to Financial Statements For the Years Ended June 30, 2025 and 2024

### Note 2. Significant Accounting Policies, *continued*

#### Accounts Receivable

Accounts receivable are stated at the amount the Organization expects to collect. The Organization maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability. If the financial condition of the Organization's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Organization provides for estimated uncollectable amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Interest is not charged on accounts receivable balances. At both June 30, 2025 and 2024, accounts receivable are presented net of an expected credit loss in the amount of \$1,500.

#### Investments

Investments consist of marketable securities, fixed income, equity and bond mutual funds, and 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 and Changes in Net Assets. 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:

- 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.

# Becoming Independent

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## Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

### Note 2. Significant Accounting Policies, *continued*

#### Fair Value Measurements, *continued*

The carrying value of cash, accounts receivable, and accounts payable approximates fair value due to the short maturity of these instruments.

#### Property, Equipment, and Improvements

Property, equipment, 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 three to forty 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, fixtures, and improvements at costs greater than \$2,500. Expenditures for maintenance and repairs are charged to expense when incurred.

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, 2025 and 2024.

#### Service Fees and Other Contract Revenues

Contract revenues are reported at the amount that reflects the consideration to which BI expects to be entitled in exchange for providing services, or managing client services, according to contract agreements entered into with third parties. The Organization bills the third-party payers after the services are performed. Revenues are recognized as performance obligations are satisfied.

#### 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.

Verifiable pledges of unconditional contributions are recorded as pledges receivable and are recognized as support in the year such pledges are made by the donor. Pledges that are expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are made. Amortization of the discount is included in contribution revenue in the Statements of Activities and Changes in Net Assets. The Organization uses the allowance method to reserve for uncollectable accounts. Management periodically evaluates the allowance. There were no pledges receivable as of June 30, 2025 and 2024.

# Becoming Independent

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## Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

### Note 2. Significant Accounting Policies, *continued*

#### Contribution Revenues, *continued*

Contributed property and equipment are recorded at fair value on the date of donation. In the absence of donor stipulations, all contributions 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.

Donated materials are reflected as contributions in the accompanying statements at their estimated fair value on the 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.

#### Leases

Transactions give rise to leases when the Organization receives substantially all of the economic benefits from, and has the ability to direct the use of specified property and equipment. The Organization has lessee activity that is classified as an operating lease. The operating lease is included in operating lease right-of-use asset, operating lease liability-current portion, and operating lease liability, non-current portion on the Statements of Financial Position.

An operating lease right-of-use asset represents the right to use an underlying asset for the lease term and an operating lease liability represents obligations to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. When discount rates implicit in the lease cannot be readily determined, the Organization uses their applicable incremental borrowing rate, or a risk free rate, at lease commencement to perform lease classification tests and to measure the lease liability and right-of-use asset. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Certain optional renewal periods would not be included in the determination of the lease liability and right-of-use asset if management determined it was not reasonably certain that the lease would be extended or if the payments were not determinable.

The Organization has agreements with lease and non-lease components, such as common area maintenance, and has elected the practical expedient to not separate the lease and non-lease components when calculating the lease liability and right-of-use asset when it relates to office leases. The Organization has also elected not to recognize right-of-use assets and lease liabilities for leases of terms less than 12 months.

# Becoming Independent

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## Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

### Note 2. Significant Accounting Policies, *continued*

#### 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. However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption, commonly referred to as unrelated business income taxable income (UBTI).

The Organization has evaluated its activities for the purpose of determining whether any generate UBTI and concluded that the Organization did not engage in activities that would be considered an unrelated trade or business and, accordingly, has not generated any UBTI during the years ended June 30, 2025 and 2024. As such, no provision for unrelated business income tax has been recorded in the accompanying financial statements.

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, 2025, 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.

#### 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 estimated credit loss, the allocation of certain indirect expenses by categories, and depreciable lives of property, equipment, and improvements. Actual results could differ from those estimates.

#### Reclassification

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. The reclassifications had no effect on previously reported results of operations or net asset balances.

# Becoming Independent

## Notes to Financial Statements For the Years Ended June 30, 2025 and 2024

### Note 3. 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:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 16,799,956	\$ 12,445,942
Accounts receivable	<u>1,470,047</u>	<u>1,166,714</u>
Total financial assets at year end	18,270,003	13,612,656
Less those unavailable for general expenditures within one year due to:		
Donor restricted funds	(435,298)	(601,422)
Board designated funds	<u>(15,742,255)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,092,450</u>	<u>\$ 13,011,234</u>

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.

### Note 4. 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:

	<u>2025</u>		<u>2024</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equity mutual funds	\$ 3,385,859	\$ 2,703,612	\$ 3,349,923	\$ 2,884,838
Fixed income mutual funds	1,937,659	1,927,027	1,124,981	1,133,395
Bond mutual funds	345,087	376,583	689,990	779,825
Marketable securities	<u>-</u>	<u>-</u>	<u>22,238</u>	<u>2,720</u>
	<u>\$ 5,668,605</u>	<u>\$ 5,007,222</u>	<u>\$ 5,187,132</u>	<u>\$ 4,800,778</u>

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

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 634,836	\$ 530,729
Realized gains	86,014	95,730
Unrealized gains	270,124	376,921
Investment management fees	<u>(71,409)</u>	<u>(62,887)</u>
	<u>\$ 919,565</u>	<u>\$ 940,493</u>

# Becoming Independent

## Notes to Financial Statements For the Years Ended June 30, 2025 and 2024

### Note 4. Investments, *continued*

Investment income includes \$477,964 and \$407,965 for the years ended June 30, 2025 and 2024, respectively, of interest income earned from operating checking and savings accounts.

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 5. Property and Improvements

Property and improvements consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Buildings and improvements	\$ 7,606,233	\$ 7,506,316
Vehicles	2,295,900	2,240,645
Furniture and equipment	1,840,917	1,775,355
Land improvements	1,460,548	1,460,522
Leasehold improvements	45,270	14,541
	<hr/>	<hr/>
Depreciable assets	13,248,868	12,997,379
Accumulated depreciation	(4,467,009)	(3,824,424)
	<hr/>	<hr/>
	8,781,859	9,172,955
	<hr/>	<hr/>
Construction in progress	230,327	52,819
Land	1,935,000	1,935,000
	<hr/>	<hr/>
	\$ 10,947,186	\$ 11,160,774

Depreciation amounted to \$828,256 and \$816,911 for the years ended June 30, 2025 and 2024, respectively.

In June 2025, the Organization entered into an agreement to purchase and install a solar energy system with a contracted cost of \$290,750. As of June 30, 2025, the Organization had made a deposit of \$30,000, included in construction in progress, and was pending receipt of approved building permits to continue the construction which is estimated to be completed in November 2025.

The Organization also entered into a purchase agreement in June 2025 to acquire a parcel of land adjacent to their Corporate Center facility totaling approximately six acres. The agreement states the purchase price shall be based on the appraised value, which is defined as the fair market value of the property determined by a qualified appraiser. A cash payment of \$1,425,000 is to be made by the Organization, and the remainder of the appraised value over the cash payment will be a charitable donation by the seller. As of June 30, 2025, a deposit of \$45,000 was made into the title escrow account. Subsequent to year-end, on August 1, 2025, the parcel was acquired and appraised for \$3,270,000.

# Becoming Independent

## Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

### Note 6. 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 2025 through April 2029 and require combined minimum monthly payments of approximately \$8,400 as of June 30, 2025.

The Organization determined their incremental borrowing rate was 9% and used that as the discount rate for their facility leases.

Total lease costs incurred by these leases and type of payment for the years ended June 30, consist of the following:

	<u>2025</u>	<u>2024</u>
Operating lease cost:		
Amortization of lease asset	\$ 97,995	\$ 97,995
Interest on lease liability	13,259	20,820
	<u>\$ 111,254</u>	<u>\$ 118,815</u>

Operating cash flows from operating leases for the years ended June 30, 2025 and 2024 total \$101,815 and \$101,091, respectively.

Subsequent to year-end, in September 2025, the Organization extended their facilities lease for another 3 years through August 2028. A new operating lease liability and right-of-use asset was recorded by the Organization on September 1, 2025 of \$219,662. The future payments related to this extension are included in the below future lease payment table.

As of June 30, 2025, the undiscounted future lease payment over the lease term for operating leases along with a reconciliation of the undiscounted cash flows to operating lease liabilities are as follows:

	2026	\$ 106,335
	2027	109,895
	2028	113,192
	2029	<u>37,596</u>
		367,018
Less: present value discount		<u>(48,708)</u>
Lease liability		<u>\$ 318,310</u>

# Becoming Independent

## Notes to Financial Statements For the Years Ended June 30, 2025 and 2024

### Note 7. Net Assets

#### Net Assets without Donor Restrictions

All general operating revenues and expenses related to the program activities of the Organization are included in the change in net assets without donor restrictions. From time-to-time donations received without donor restrictions are designated by the Organization's board as board designated funds. The board-designated funds consist of funds with no donor or legal restrictions, but through board resolutions, have been set aside for specific purposes. As of June 30, 2025, the Organization's Board of Directors designated net assets totaling \$15,742,255. There were no board designated net assets as of June 30, 2024.

The Board of Directors have designated the net assets for the following purposes as of June 30, 2025:

Operating reserves	\$	8,000,000
Wage plan reserves		4,000,000
Land parcel acquisition and development		2,422,255
Legal settlement reserves		1,000,000
Solar reserves		320,000
		<hr/>
	\$	15,742,255

#### Net Assets with Donor Restrictions

As of June 30, 2025 and 2024, net assets with donor restrictions consisted of assets for specific purposes in the amounts of \$435,298 and \$601,422, respectively, and both years were included in investments on the Statements of Financial Position.

Net assets released from program restrictions amounted to \$552,559 and \$364,424 during the years ended June 30, 2025 and 2024, respectively.

### Note 8. 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 two years of service. BI's matching contributions totaled \$128,014 and \$82,784 for the years ended June 30, 2025 and 2024, respectively.

### Note 9. Concentrations

#### Cash and Cash Equivalents

At various times during the years ended June 30, 2025 and 2024, 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 \$3,773,000 and \$2,704,000 on deposit in excess of the FDIC insured amount at June 30, 2025 and 2024, respectively.

# Becoming Independent

## Notes to Financial Statements For the Years Ended June 30, 2025 and 2024

### Note 9. Concentrations, *continued*

#### Significant Revenue Sources

A significant portion of the Organization's total support and revenue comes from services rendered to clients from the North Bay Regional Center. For the years ended June 30, 2025 and 2024, their support accounted for approximately 62% and 69%, respectively, of the total revenue. Accounts receivable include \$1,187,127 and \$1,005,734 from this source at June 30, 2025 and 2024, respectively. The service contracts with this agency are renewed periodically, ranging from every year to every five years.

### Note 10. Contributions of Nonfinancial Assets

Contributions of nonfinancial assets recognized in the Statements of Activities and Changes in Net Assets as of June 30, 2025 included:

<u>Category</u>	<u>Revenue Recognized</u>	<u>Utilization in Programs or Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques</u>
Auction items and experiences	\$ 26,212	Fundraising event	Fundraising event for capital campaign	Value determined by readily available retail market value.
Food and beverages	25,214	Fundraising event	Fundraising event for capital campaign	Value determined by readily available retail market value.
Rentals	17,521	Fundraising event	Fundraising event for capital campaign	Value determined by regular market rate for the items rented.
Supplies	9,125	Art Program	Art Program	Value determined by readily available retail market value.
Rentals	2,988	General operations	No associated donor restrictions	Value determined by regular market rate for the items rented.
	<u>\$ 81,060</u>			

# Becoming Independent

## Notes to Financial Statements For the Years Ended June 30, 2025 and 2024

### Note 10. Contributions of Nonfinancial Assets, *continued*

Contributions of nonfinancial assets recognized in the Statements of Activities and Changes in Net Assets as of June 30, 2024 included:

Category	Revenue Recognized	Utilization in Programs or Activities	Donor Restrictions	Valuation Techniques
Auction items and experiences	\$ 55,410	Fundraising event	Fundraising event for capital campaign	Value determined by readily available retail market value.
Food and beverages	14,806	Fundraising event	Fundraising event for capital campaign	Value determined by readily available retail market value.
Professional services	2,500	Marketing	No associated donor restrictions	Determined by the regular market rate for the services provided.
Food and beverages	1,200	General operations	No associated donor restrictions	Value determined by readily available retail market value.
Supplies	300	Art Program	Art Program	Value determined by readily available retail market value.
Rentals	227	General operations	No associated donor restrictions	Value determined by regular market rate for the items rented.
	\$ 74,443			

### Note 11. Legal Settlement

During the fiscal year, the Organization addressed a wage and hour claim related to employee break practices and wage reporting. The Organization disputes the allegations; however, management determined that entering into a settlement agreement was in the Organization's best interest to avoid further legal costs and operational disruption.

As of June 30, 2025, and through the date of this report, the settlement remained pending court approval. Both parties have agreed to a total settlement amount of \$790,000. Because the settlement amount was both probable and reasonably estimable as of year-end, the Organization recorded a liability for the full settlement amount in the accompanying financial statements. Legal fees associated with this matter were administered and paid directly by the Organization's insurance carrier and, accordingly, were not recorded as an expense by the Organization.

# Becoming Independent

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## Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

### Note 12. Subsequent Events

The Organization evaluated subsequent events from July 01, 2025 through December 3, 2025, the date which the financial statements were available to be issued, and determined that, other than the solar panel and parcel purchase agreements discussed in Note 5, the extension of the operating lease in Note 6, and the items discussed below, there are no material subsequent events that required recognition or additional disclosure in these financial statements.

Subsequent to year-end, in August 2025, the Organization entered into an agreement with an engineering firm to design architectural and engineering plans for a parking lot expansion for a contracted cost of \$447,113.

Also subsequent to year-end, in October 2025, the Organization purchased mitigation credits relating to the parking lot expansion totaling over \$570,000.