

## **Chronicle Season of Sharing Fund**

Financial Statements  
Including Independent Auditors' Report

As of and for the Years Ended  
June 30, 2020 and 2019

# **Chronicle Season of Sharing Fund**

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## **Independent Auditors' Report**

To the Board of Directors of  
Chronicle Season of Sharing Fund

We have audited the accompanying financial statements of Chronicle Season of Sharing Fund ("Season of Sharing"), which comprise the statement of financial position as of June 30, 2020, and the related statements 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.

### **Auditors' 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 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 Season of Sharing as of June 30, 2020, 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.

**Other Matters***Prior Period Financial Statements*

The financial statements of Season of Sharing as of June 30, 2019, were audited by other auditors whose report dated November 14, 2019, expressed an unmodified opinion on those statements.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The script is cursive and fluid, with the letters "B", "T", and "U" being particularly prominent.

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Southfield, Michigan  
November 5, 2020

## Chronicle Season of Sharing Fund

Statements of Financial Position  
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,566,181	\$ 2,757,070
Interest receivable	-	98
Pledges receivable	<u>60,000</u>	<u>-</u>
Total assets	<u><u>\$ 5,626,181</u></u>	<u><u>\$ 2,757,168</u></u>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 8,424	\$ -
Payroll related payables	<u>20,155</u>	<u>-</u>
Total liabilities	28,579	-
<b>Net Assets</b>		
Net assets without donor restrictions	4,872,294	2,145,271
Net assets with donor restrictions	<u>725,308</u>	<u>611,897</u>
Total net assets	<u><u>5,597,602</u></u>	<u><u>2,757,168</u></u>
Total liabilities and net assets	<u><u>\$ 5,626,181</u></u>	<u><u>\$ 2,757,168</u></u>

See notes to financial statements

## Chronicle Season of Sharing Fund

Statements of Activities

Years Ended June 30, 2020 and 2019

	2020	2019
<b>Changes in Net Assets Without Donor Restrictions</b>		
<b>Revenues and support:</b>		
Contributions	\$ 13,855,379	\$ 8,356,990
Contributed services	831,747	397,849
Interest income	18,786	21,124
Net assets released from restrictions	856,589	865,557
Total revenues and support	15,562,501	9,641,520
<b>Program expenses:</b>		
Family needs and housing assistance programs:		
Alameda	1,536,042	1,372,750
Contra Costa	1,174,962	939,250
Marin	693,522	361,250
Napa	697,035	321,300
San Francisco	751,233	1,372,750
San Mateo	1,129,900	722,500
Santa Clara	1,547,647	1,156,000
Solano	700,577	433,500
Sonoma	561,560	489,500
County food bank programs:		
Alameda	444,030	239,400
Contra Costa	303,810	163,800
Marin	116,850	63,000
Napa	140,220	75,600
San Francisco	444,030	239,400
San Mateo	233,700	126,000
Santa Clara	373,920	201,600
Solano	140,220	75,600
Sonoma	140,220	75,600
Grants to service providers	17,664	16,101
Total program expenses	11,147,142	8,444,901
<b>Supporting expenses:</b>		
Management and general	856,589	865,355
Management and general in-kind expenses	11,100	33,556
Fundraising in-kind expenses	820,647	364,293
Total supporting expenses	1,688,336	1,263,204
Total expenses	12,835,478	9,708,105
Change in net assets without donor restrictions	2,727,023	(66,585)
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions	970,000	963,508
Net contributions released from restrictions	(856,589)	(865,557)
Change in net assets with donor restrictions	113,411	97,951
<b>Change in net assets</b>	2,840,434	31,366
<b>Net Assets, Beginning</b>	2,757,168	2,725,802
<b>Net Assets, Ending</b>	\$ 5,597,602	\$ 2,757,168

See notes to financial statements

## Chronicle Season of Sharing Fund

### Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 2,840,434	\$ 31,366
Changes in assets and liabilities:		
Interest receivable	98	15
Pledges receivable	(60,000)	-
Accounts payable	8,424	-
Payroll related payables	<u>20,155</u>	<u>-</u>
Net cash flows from operating activities	<u>2,809,111</u>	<u>31,381</u>
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>2,757,070</u>	<u>2,725,689</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 5,566,181</u>	<u>\$ 2,757,070</u>
<b>Noncash Activities</b>		
Contribution of marketable securities	<u>\$ 308,880</u>	<u>\$ 254,485</u>

See notes to financial statements

# Chronicle Season of Sharing Fund

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Notes to Financial Statements  
June 30, 2020 and 2019

## 1. Summary of Significant Accounting Policies

### Nature of Operations

The Chronicle Season of Sharing Fund ("Season of Sharing") is a charitable organization established by the San Francisco Chronicle in collaboration with the Evelyn & Walter Haas, Jr. Fund, in 1986, to help people in need throughout the Greater Bay Area in an efficient and cost effective manner. The annual fund-raising efforts are held from Thanksgiving day through New Year's Day. Donations for critical family needs and housing assistance are distributed directly to the nine counties on a quarterly basis and as grants directly to service providers. Donations for the county food bank programs are distributed directly to the food banks in the nine Bay Area counties semiannually for the purchase of food not donated from other sources.

### Basis of Presentation

Season of Sharing financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Season of Sharing's net assets and its revenues, gains, and losses are classified based on the existence, or absence, of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Season of Sharing.

**Net Assets With Donor Restrictions** - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Season of Sharing or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. All of the Season of Sharing's net assets with donor restrictions are restricted for the payment of management and general expenses of Season of Sharing (see Note 2). At June 30, 2020 and 2019 all net assets were time and purpose restricted.

### Board Designated Net Assets

Season of Sharing's Board of Directors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. Season of Sharing's Board of Directors has not designated any amounts at June 30, 2020 and 2019.

### Cash and Cash Equivalents

Cash held as of June 30, 2020 and 2019, is held at one financial institution. Season of Sharing considered investments with a maturity of three months or less at the time of purchase to be cash equivalents.

### Liquidity and Available Resources

In general, the Season of Sharing expends funds in a similar amount to that raised in a given year. As such, the Season of Sharing does not build significant cash or investment reserves. Cash, cash equivalents and investments held, if any, are available to meet general expenditures over a 12 month period. Additionally, as discussed in Note 2, the Evelyn and Walter Haas, Jr. Fund and the San Francisco Chronicle fund the management and general expenses of Season of Sharing.



# Chronicle Season of Sharing Fund

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## Notes to Financial Statements

June 30, 2020 and 2019

### Accounts Receivable

Accounts receivables include interest receivable and pledges receivable. Pledges receivable are unconditional promises to give that have not yet been received. Season of Sharing's pledges receivable are expected to be collected within one year. Based upon past experience and management's judgment, no allowance for uncollectible pledges receivable has been established. Pledges receivable were \$60,000 and \$0 as of June 30, 2020 and 2019, respectively. Pledges receivable at June 30, 2020 was from one donor.

### Revenue Recognition

Season of Sharing receives contributions from corporations, charitable organizations, community groups, and individuals. Such contributions are recognized as revenue when received or unconditionally promised. Contributions are considered to be available for the support of Season of Sharing's program services, unless specifically restricted by the donor. Conditional contributions, those with a measurable performance or other barrier and a right of return, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met. When the time restrictions expire or when donor-imposed stipulations are fulfilled, net assets with donor restrictions are classified as net assets without donor restrictions and reported as net assets released from restrictions in the statements of activities. Cash contributions of \$30,000 were received from the San Francisco Chronicle during both years ended June 30, 2020 and 2019.

### Contributed Services with Related Party

Season of Sharing receives contributed services, such as advertising and administrative services. Contributions of services are recognized when received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended June 30, 2020 and 2019 the estimated fair values of contributed services were \$831,747 and \$397,849, respectively, and are included in supporting services expenses in the accompanying statements of activities. Of these amounts, the estimated value of contributed services provided by the San Francisco Chronicle totaled \$820,647 and \$387,613 for the years ended June 30, 2020 and 2019, respectively. The majority of contributed services provided by the San Francisco Chronicle represented the estimated fair value of advertising provided as part of the Season of Sharing's annual fundraising campaign.

### Concentration of Credit Risk

Financial instruments, which potentially subject Season of Sharing to credit risk, consist primarily of cash and cash equivalents. Season of Sharing maintains cash and cash equivalents with a major financial institution. At time, such amounts may exceed Federal Deposit Insurance Corporation limits. However, the deposits may be redeemed upon demand and, as such, bear minimal risk.

### 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. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

# Chronicle Season of Sharing Fund

Notes to Financial Statements

June 30, 2020 and 2019

## Recent Accounting Pronouncements

In 2020, Season of Sharing adopted Accounting Standards Update ("ASU") No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU No. 2018-08"). The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in ASU No. 2018-08 should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Adopting ASU No. 2018-08 following the modified prospective basis did not have a significant impact on the financial statements of Season of Sharing.

## Subsequent Events

Season of Sharing has evaluated subsequent events through November 5, 2020, the date on which the financial statements were available to be issued, and none were noted.

## 2. Expenses

Program expenses represent cash donations to county family needs and housing assistance programs or to county food banks.

As disclosed in Note 1, the majority of in-kind supporting expenses represent the estimated fair value advertising provided by the San Francisco Chronicle as part of the Season of Sharing's annual fundraising campaign.

Management and general expenses are funded by the Evelyn and Walter Haas, Jr. Fund and the San Francisco Chronicle, so that 100% of the other donations go directly to those in need. Management and general expenses consist of the following for the years ended June 30, 2020 and 2019:

	2020	2019
Payroll	\$ 269,605	\$ 315,851
Bank fees	59,700	41,559
Agent and county fees	360,209	329,127
Office expenses	44,737	26,646
Travel	-	1,377
Consultants	108,260	72,610
Communication	14,078	75,023
Legal	-	3,162
Total	<u>\$ 856,589</u>	<u>\$ 865,355</u>

## 3. Income taxes

Season of Sharing is a not-for-profit organization established under Section 501(c)(3) of the Internal Revenue Code and the California Revenue and Taxation Code Section 23701(d) and, accordingly, is exempt from federal and state taxes on income.