

Chronicle Season of Sharing Fund

Financial Statements

June 30, 2023 and 2022

Chronicle Season of Sharing Fund

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Independent Auditors' Report

To the Board of Directors of
Chronicle Season of Sharing Fund

Opinion

We have audited the financial statements of Chronicle Season of Sharing Fund (Season of Sharing), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities 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 Season of Sharing as of June 30, 2023 and 2022, 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 (GAAP).

Basis for Opinion

We conducted our audits 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 Season of Sharing 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 GAAP, 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 Season of Sharing's ability to continue as a going concern within 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 Season of Sharing'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 Season of Sharing'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.

Baker Tilly US, LLP

Southfield, Michigan
October 27, 2023

Chronicle Season of Sharing Fund

Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 5,911,625	\$ 6,791,559
Pledges receivable	<u>25,000</u>	<u>50,000</u>
Total assets	<u>\$ 5,936,625</u>	<u>\$ 6,841,559</u>
Liabilities and Net Assets		
Accounts payable	\$ 446,721	\$ 10,664
Payroll related payables	<u>29,135</u>	<u>19,864</u>
Total liabilities	475,856	30,528
Net Assets		
Net assets without donor restrictions	4,802,917	6,159,492
Net assets with donor restrictions	<u>657,852</u>	<u>651,539</u>
Total net assets	<u>5,460,769</u>	<u>6,811,031</u>
Total liabilities and net assets	<u>\$ 5,936,625</u>	<u>\$ 6,841,559</u>

See notes to financial statements

Chronicle Season of Sharing Fund

Statements of Activities

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Changes in Net Assets Without Donor Restrictions		
Revenues and support:		
Contributions	\$ 13,140,756	\$ 16,254,710
Contributed services	528,520	311,284
Net investment income (loss)	102,835	(1,461)
Other	9,147	-
Net assets released from restrictions	<u>1,123,687</u>	<u>1,120,374</u>
Total revenues and support	<u>14,904,945</u>	<u>17,684,907</u>
Program expenses:		
Family needs and housing assistance programs:		
Alameda	2,480,450	2,450,668
Contra Costa	1,697,150	1,676,773
Marin	652,750	644,913
Napa	380,706	366,765
San Francisco	2,480,450	2,450,668
San Mateo	1,305,500	1,289,825
Santa Clara	2,233,734	2,063,720
Solano	734,989	366,765
Sonoma	380,706	570,330
County food bank programs:		
Alameda	431,870	455,050
Contra Costa	295,490	311,350
Marin	113,650	119,750
Napa	125,016	143,700
San Francisco	431,870	455,050
San Mateo	227,300	239,500
Santa Clara	397,776	383,200
Solano	125,016	143,700
Sonoma	125,016	143,700
Grants to service providers	<u>24,872</u>	<u>28,998</u>
Total program expenses	<u>14,644,311</u>	<u>14,304,425</u>
Supporting expenses:		
Management and general	1,088,689	1,060,370
Fundraising in-kind expenses	<u>528,520</u>	<u>311,284</u>
Total supporting expenses	<u>1,617,209</u>	<u>1,371,654</u>
Total expenses	<u>16,261,520</u>	<u>15,676,079</u>
Change in net assets without donor restrictions	<u>(1,356,575)</u>	<u>2,008,828</u>
Changes in Net Assets With Donor Restrictions		
Contributions	1,130,000	1,443,000
Net contributions released from restrictions	<u>(1,123,687)</u>	<u>(1,120,374)</u>
Change in net assets with donor restrictions	<u>6,313</u>	<u>322,626</u>
Change in net assets	(1,350,262)	2,331,454
Net Assets, Beginning	<u>6,811,031</u>	<u>4,479,577</u>
Net Assets, Ending	<u>\$ 5,460,769</u>	<u>\$ 6,811,031</u>

See notes to financial statements

Chronicle Season of Sharing Fund

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (1,350,262)	\$ 2,331,454
Changes in assets and liabilities:		
Pledges receivable	25,000	10,000
Accounts payable	436,057	(14,713)
Payroll related payables	<u>9,271</u>	<u>(23,447)</u>
Net cash flows from operating activities	<u>(879,934)</u>	<u>2,303,294</u>
Cash and Cash Equivalents, Beginning	<u>6,791,559</u>	<u>4,488,265</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,911,625</u>	<u>\$ 6,791,559</u>
Noncash Activities		
Contribution of marketable securities	<u>\$ 277,968</u>	<u>\$ 485,998</u>

See notes to financial statements

Chronicle Season of Sharing Fund

Notes to Financial Statements

June 30, 2023 and 2022

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. 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, 2023 and 2022 all net assets with donor restrictions 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, 2023 and 2022.

Cash and Cash Equivalents

Cash held as of June 30, 2023 and 2022, 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 funds the management and general expenses of Season of Sharing.

Chronicle Season of Sharing Fund

Notes to Financial Statements
June 30, 2023 and 2022

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 \$25,000 and \$50,000 as of June 30, 2023 and 2022, respectively. Pledges receivable at June 30, 2023 and 2022 were 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. Stock contributions are recorded at fair value at the date of donation and sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation).

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 and \$50,000 were received from the San Francisco Chronicle for years ended June 30, 2023 and 2022, respectively.

Contributed Services With Related Party

Season of Sharing receives contributed services in the form of advertising. 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. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar advertising services.

For the years ended June 30, 2023 and 2022 the estimated fair values of contributed services were \$528,520 and \$311,284, respectively, and are included in supporting expenses in the accompanying statements of activities. Of these amounts, the estimated value of contributed services provided by the San Francisco Chronicle totaled \$527,931 and \$309,438 for the years ended June 30, 2023 and 2022. 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.

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
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Adopted Accounting Standard

In 2022, Season of Sharing adopted Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* that amended the treatment for leases under the modified retrospective method. The new accounting model for leases capitalizes all leases greater than twelve months, both capital and operating, as assets and liabilities on the statement of financial position. Adopting ASU No. 2016-02 did not have a significant impact on the financial statements of Season of Sharing.

Subsequent Events

Season of Sharing has evaluated subsequent events through October 27, 2023, 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 or to service providers.

As disclosed in Note 1, the majority of in-kind supporting expenses represented 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Payroll	\$ 423,257	\$ 394,195
Administrative fees	51,717	70,440
Agent and county fees	343,050	325,000
Office	44,253	44,416
Travel	858	910
Consultants	172,529	184,206
Communication	<u>53,025</u>	<u>41,203</u>
Total	<u>\$ 1,088,689</u>	<u>\$ 1,060,370</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.

Season of Sharing is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. Season of Sharing has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.