



Financial Statements
June 30, 2020
(With Comparative Totals for June 30, 2019)
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 are comprised of 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.

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, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, UP&S has early adopted the provisions of FASB ASU 2016-02, Leases (Topic 842), as of July 1, 2019. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the UP&S' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2019. 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
December 18, 2020

United Parents & Students
 Statement of Financial Position
 June 30, 2020
 (with comparative totals for June 30, 2019)

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 1,269,231	\$ 1,265,155
Accounts receivable	38,400	300
Prepaid expenses	7,529	-
Total current assets	1,315,160	1,265,455
Non-current assets		
Property and equipment, net	27,011	36,272
Total assets	\$ 1,342,171	\$ 1,301,727
Liabilities		
Current liabilities		
Accounts payable	\$ 139,005	\$ 90,388
Accounts payable - related party	140,189	82,931
Deferred revenue	431,216	288,855
Total current liabilities	710,410	462,174
Net Assets		
Without donor restriction	556,761	814,627
With donor restriction	75,000	24,926
Total net assets	631,761	839,553
Total liabilities and net assets	\$ 1,342,171	\$ 1,301,727

United Parents & Students
 Statement of Activities
 Year Ended June 30, 2020
 (with comparative totals for June 30, 2019)

	2020	2019
Support and revenues		
Contributions and grants	\$ 403,846	\$ 404,044
Local revenue	1,008,406	1,345,522
Net assets released from restrictions	24,926	175,074
Total support and revenues	1,437,178	1,924,640
Expenses		
Program services		
Salaries and benefits	1,158,930	1,086,307
Student services	90,029	97,931
Materials and supplies	147,751	21,388
Other expenses	50,281	40,051
Depreciation	9,261	9,261
Occupancy	29,980	14,854
Subtotal	1,486,232	1,269,792
Management and general		
Shared service fee - related party	208,812	126,397
Total expenses	1,695,044	1,396,189
Change in Net Assets Without Donor Restriction	(257,866)	528,451
Net Assets with Donor Restriction		
Contributions and grants, net	75,000	-
Net assets released from restrictions	(24,926)	(175,074)
Change in Net Assets with Donor Restriction	50,074	(175,074)
Change in Net Assets	(207,792)	353,377
Net Assets, Beginning of Year	839,553	486,176
Net Assets, End of Year	\$ 631,761	\$ 839,553

United Parents & Students
 Statement of Cash Flows
 Year Ended June 30, 2020
 (with comparative totals for June 30, 2019)

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ (207,792)	\$ 353,377
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation expense	9,261	9,261
Changes in operating assets and liabilities		
Accounts receivable	(38,100)	200,600
Prepaid expenses	(7,529)	-
Accounts payable and accruals	48,617	(24,556)
Accounts payable - related party	57,258	70,461
Deferred revenue	142,361	177,016
Net Cash from Operating Activities	4,076	786,159
Cash, and Cash Equivalents, Beginning of Year	1,265,155	478,996
Cash, and Cash Equivalents End of Year	\$ 1,269,231	\$ 1,265,155
Supplemental Cash Flow Disclosure		
Cash paid during the period for interest	\$ -	\$ -

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 11 for additional details regarding related party relationships and transactions.

UP&S currently serves communities in California and is planning to serve communities in Washington and Tennessee in the future.

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, 2019, 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 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. At June 30, 2020, management has determined all accounts receivable are fully collectible and no allowance for bad debts has been established.

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 and amortization are 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 or amortization are 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, 2020.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. At June 30, 2020, UP&S did not have any conditional contributions that were not received in advance. UP&S records special events revenue equal to the cost of direct benefits to donors, and contribution income for the difference.

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.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services 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 under Section 170(b)(1)(A)(vi). 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 generally accepted accounting principles 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

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. This standard establishes a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for UP&S for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

UP&S has adopted the provisions of ASU 2016-02, *Leases* (Topic 842). The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. Management has determined that the adoption of this standard did not have a significant impact on the UP&S' financial statements. UP&S did not have any leases for the year ended June 30, 2020.

UP&S has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists UP&S in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, UP&S has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the UP&S' financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, *Revenue from Contract with Customers*, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission is not affected by the amendments in this ASU.

UP&S has adopted this standard as management believes the standard improves the usefulness and understandability of the UP&S' financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

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	\$ 1,269,231
Accounts receivable	38,400
Prepaid and other assets	<u>7,529</u>
Financial Assets, at year-end	<u>1,315,160</u>
Less those unavailable for general expenditures within one year, due to Donor-imposed restrictions:	
Restrictions by donor with purpose restrictions	<u>(75,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,240,160</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. In addition, UP&S invests cash in excess of daily requirements in short-term investments.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents consist of the following at June 30, 2020, and 2019:

	2020		2019	
	Reported Amount	Bank Balance	Reported Amount	Bank Balance
Cash on hand and in banks	\$ 1,269,231	\$ 1,286,267	\$ 1,265,155	\$ 1,276,121

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, 2020, UP&S had a balance of \$1,036,267 more than FDIC insured limits in non-interest-bearing accounts.

Note 4 - Accounts Receivable

Accounts receivable consist of the following at June 30, 2020, and 2019:

	2020	2019
Other receivable	\$ 38,400	\$ 300

Note 5 - Property and Equipment

Property and equipment consist of the following at June 30, 2020, and 2019:

	2020	2019
Computer and equipment	\$ 59,424	\$ 59,424
Less: accumulated depreciation	(32,413)	(23,152)
Total	\$ 27,011	\$ 36,272

Note 6 - Accounts Payable and Accruals

Accounts payable and accruals consist of the following at June 30, 2020, and 2019:

	2020	2019
Salaries and benefits	\$ 103,152	\$ 85,801
Accrued expenses	35,853	4,587
Total accounts payable and accruals	\$ 139,005	\$ 90,388

Note 7 - Accounts Payable – Related Party

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

	2020	2019
GDPS National	\$ 140,189	\$ 82,931

Note 8 - Deferred Revenue

Deferred revenue consists of the following at June 30, 2020, and 2019:

	2020	2019
Local sources	\$ 431,216	\$ 288,855

Note 9 - Net Assets with Donor Restrictions

Net assets consist of the following at June 30, 2020, and 2019:

	2020	2019
Net assets without donor restrictions		
Undesignated	\$ 556,761	\$ 814,627
Net assets with donor restrictions		
Subject to expenditure for specified purpose		
Weingart Program	\$ -	\$ 24,926
Built Environment Policy Advocacy Fund Program	75,000	-
Total nets assets with donor restrictions	\$ 75,000	\$ 24,926

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, 2020, and 2019:

	2020	2019
Satisfaction of purpose restrictions		
Weingart Program	\$ 24,926	\$ 175,074

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 four percent of the participant's total compensation. Total expense for the year ended June 30, 2020, was \$11,369.

Note 11 - 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. During the year ended June 30, 2020, UP&S paid service fees of \$208,812 to GDPS National.

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, 2020, UP&S had service revenue of \$1,000,000 from GDPS CA.

	Services Revenue - GDPS CA	Services Expense - GDPS NA
UP&S	<u>\$ 1,000,000</u>	<u>\$ 208,815</u>

Note 12 - Subsequent Events

UP&S' management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 18, 2020, 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.

Subsequent to year-end, 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 the UP&S' financial position is not known beyond increased cash flow monitoring.

UP&S was granted a \$217,056 loan under the Paycheck Protection Program administered by a Small Business Administration approved partner on June 30, 2020. As of June 30, 2020, UP&S has not received the funds, thus this amount has not been reflected in the accompanying financial statements. UP&S will receive the funds in the 2021 fiscal year. The loan is uncollateralized and is fully guaranteed by the Federal government. UP&S is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Proceeds from the loan are eligible for forgiveness if UP&S maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. UP&S will be required to repay any remaining balance, plus interest accrued at 1 percent, in monthly payments commencing upon notification of forgiveness or partial forgiveness.