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# **WORKSAFE, INC.**

## **FINANCIAL STATEMENTS**

**June 30, 2021**

**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)**

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**CROSBY & KANEDA**

Certified Public Accountants  
for Nonprofit Organizations

# WORKSAFE, INC.

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Worksafe, Inc.  
Oakland, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Worksafe, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows and functional expenses 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 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 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 Worksafe, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the Worksafe, Inc.'s June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2020. In our opinion, the summarized 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 has been derived.

*Crosby & Lanida CPAs LLP*

Oakland, California

October 14, 2021

**WORKSAFE, INC.**

**Statement of Financial Position**  
**June 30, 2021**  
**(With Comparative Totals as of June 30, 2020)**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Assets		
Cash and cash equivalents	\$ 864,093	\$ 875,672
Certificates of deposit	571,803	120,310
Accounts receivable	68,391	-
Contributions receivable	50,000	-
Prepaid expenses and deposits	29,996	65,204
Property and equipment, net (Note 3)	8,390	3,417
Total Assets	<u>\$ 1,592,673</u>	<u>\$ 1,064,603</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 45,656	\$ 25,275
Accrued vacation	26,079	24,108
Deferred revenue	48,274	-
Paycheck Protection Program loan	-	73,331
Total Liabilities	<u>120,009</u>	<u>122,714</u>
Net assets		
Without donor restrictions	1,304,959	570,430
With donor restrictions (Note 6)	167,705	371,459
Total Net Assets	<u>1,472,664</u>	<u>941,889</u>
Total Liabilities and Net Assets	<u>\$ 1,592,673</u>	<u>\$ 1,064,603</u>

See Notes to the Financial Statements

**WORKSAFE, INC.**

**Statement of Activities  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
<b>Support and Revenue</b>				
Support				
Foundation and community grants	\$ 296,065	\$ 112,500	\$ 408,565	\$ 1,119,651
Cy pres awards	437,964		437,964	319,901
Government grants	449,006		449,006	-
Paycheck Protection Program (Note 9)	73,331		73,331	-
Contributions	38,902		38,902	56,743
Fundraising event, net (Note 7)	43,927		43,927	-
Total Support	1,339,195	112,500	1,451,695	1,496,295
Revenue				
Rental income	32,042		32,042	24,930
Earned fees	25,000		25,000	-
Interest and other	8,900		8,900	6,053
Total Revenue	65,942	-	65,942	30,983
Support provided by expiring time and purpose restrictions	316,254	(316,254)	-	-
Total Support and Revenue	1,721,391	(203,754)	1,517,637	1,527,278
<b>Expenses</b>				
Program	831,444		831,444	801,861
Management and general	124,786		124,786	157,221
Fundraising	30,632		30,632	68,232
Total Expenses	986,862	-	986,862	1,027,314
Change in net assets	734,529	(203,754)	530,775	499,964
Net Assets, beginning of year	570,430	371,459	941,889	441,925
Net Assets, end of year	\$ 1,304,959	\$ 167,705	\$ 1,472,664	\$ 941,889

See Notes to the Financial Statements

**WORKSAFE, INC.**

**Statement of Cash Flows**  
**For the Year Ended June 30, 2021**  
**(With Comparative Totals for the Year Ended June 30, 2020)**

	2021	2020
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 530,775	\$ 499,964
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	1,397	666
PPP loan forgiveness	(73,331)	-
Changes in assets and liabilities:		
Accounts receivable	(68,391)	1,800
Contributions receivable	(50,000)	2,000
Prepaid expenses and deposits	35,208	(9,458)
Accounts payable and accrued expenses	20,381	256
Accrued vacation	1,971	1,327
Deferred revenue	48,274	-
Net cash provided (used) by operating activities	446,284	496,555
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(6,370)	(2,217)
Purchase of certificates of deposit, net	(451,493)	(9,402)
Net cash provided (used) by investing activities	(457,863)	(11,619)
<b>Cash flows from financing activities:</b>		
Proceeds from PPP loan	-	73,331
Net cash provided (used) by financing activities	-	73,331
Net change in cash and cash equivalents	(11,579)	558,267
Cash and cash equivalents, beginning of year	875,672	317,405
Cash and cash equivalents, end of year	\$ 864,093	\$ 875,672

See Notes to the Financial Statements

**WORKSAFE, INC.**

**Statement of Functional Expenses  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)**

	Program	Management and General	Fundraising	Total	
				2021	2020
Salaries	\$ 539,841	\$ 53,136	\$ 21,000	\$ 613,977	\$ 576,389
Employee benefits	69,395	7,112	2,761	79,268	92,866
Payroll taxes	42,965	4,174	1,599	48,738	47,781
Total Personnel	<u>652,201</u>	<u>64,422</u>	<u>25,360</u>	<u>741,983</u>	<u>717,036</u>
Grants	37,500	-	-	37,500	75,000
Contract services	13,241	15,025	524	28,790	52,626
Advertising and promotion	569	31	-	600	774
Supplies and office expenses	32,986	2,307	1,113	36,406	34,862
Travel	7,399	296	2	7,697	22,325
Occupancy	72,010	39,527	2,801	114,338	103,833
Conference and meetings	2,260	231	77	2,568	2,281
Insurance	4,982	1,471	631	7,084	6,913
Depreciation	-	1,397	-	1,397	666
Miscellaneous	8,296	79	124	8,499	10,998
Expenses by Function	<u>\$ 831,444</u>	<u>\$ 124,786</u>	<u>\$ 30,632</u>	<u>\$ 986,862</u>	<u>\$ 1,027,314</u>
Expenses reported on a net basis on Statement of Activities					
Event direct expense	-	-	16,523	16,523	-
Total Expenses	<u>\$ 831,444</u>	<u>\$ 124,786</u>	<u>\$ 47,155</u>	<u>\$ 1,003,385</u>	<u>\$ 1,027,314</u>

See Notes to the Financial Statements



## WORKSAFE, INC.

### Notes to the Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

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#### NOTE 1: NATURE OF ACTIVITIES

Worksafe, Inc. (the Organization) is a California nonprofit public benefit corporation founded in 1982 to promote occupational safety and health through education, training and advocacy. It focuses on eliminating all types of workplace hazards and also on workplace-created toxic hazards that impact at-risk communities in California.

#### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Accounting**

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 (GAAP).

##### **Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net assets without donor restrictions* – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net assets with donor restrictions* – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service, unless the donor provides more specific directions about the period of its use.

##### **Accounting for Revenue**

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time when any of the following conditions are met: The customer receives and consumes the benefits provided by the Organization's performance as the Organization performs; the Organization's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or the work does not create

**WORKSAFE, INC.**

**Notes to the Financial Statements  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)**

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an asset with an alternative use to the Organization and the entity has a right to payment for performance completed to date.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates are recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met. Revenue from the sales of goods or merchandise are recognized at the point in time when the goods or merchandise are provided to the customer.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

**Accounting for Contributions**

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

**Accounting for Noncash Contributions**

For in-kind contributions that are converted to cash promptly the Organization values the donation based on the amounts received as a result of such conversion. Donated stocks and other investment assets are valued based on the price or estimated FMV on the date of donation, with any gains or losses prior to sale recorded as investment activity.

## WORKSAFE, INC.

### Notes to the Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

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#### Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2021 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

#### Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2021.

#### Accounts Receivable

Accounts receivable are primarily unsecured non-interest-bearing amounts due from grantors on a cost reimbursement or performance grants. The Organization considers all accounts receivable to be fully collectible at June 30, 2021. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

#### Contributions Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at June 30, 2021. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

#### Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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.

## WORKSAFE, INC.

### Notes to the Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

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#### Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

#### Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

#### Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment.

Furniture and equipment	5 years
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Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

#### Deferred Revenue

Deferred revenue represents earned funds received in advance of related performance obligations or prior to the satisfaction of a grant condition on funding from government or other agencies.

#### Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using the percentage of direct salary cost to each program.

WORKSAFE, INC.

**Notes to the Financial Statements  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)**

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Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

All expenses and net losses are reported as decreases in net assets without donor restrictions.

**Recent Accounting Standards**

The Organization adopted *ASU 2014-09 – Revenue from Contracts with Customers (Topic 606)* during the year ended June 30, 2021. This guidance requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

**Prior Year Summarized Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2020, from which the summarized information was derived.

**Reclassifications**

Certain accounts in the prior year’s summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 12,731	\$ 6,361
Less accumulated depreciation	<u>(4,341)</u>	<u>(2,944)</u>
Total	<u>\$ 8,390</u>	<u>\$ 3,417</u>

WORKSAFE, INC.

Notes to the Financial Statements  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)

NOTE 4: COMMITMENTS

Operating Leases

The Organization is party to a lease for office space in Oakland, California which expires in December 2023. Future minimum operating lease payments are as follows for the years ending June 30:

2022	\$ 103,950
2023	107,070
2024	<u>54,354</u>
Total	<u>\$ 265,374</u>

Rent expense for the years ended June 30, 2021 and 2020 was \$100,927 and \$98,010, respectively.

Rental Income

The Organization leases a portion of its Oakland location to a nonprofit public benefit corporation under a sublease that expires October 2021. Future minimum lease payments due to the Organization were \$10,430 for the year ended June 30, 2022.

NOTE 5: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows at June 30:

	<u>2021</u>	<u>2020</u>
Purpose restricted	\$ -	\$ 113,125
Future use	<u>167,705</u>	<u>258,334</u>
Total	<u>\$ 167,705</u>	<u>\$ 371,459</u>

NOTE 7: FUNDRAISING EVENT

The Organization held its annual special fundraising event virtually during the year. The Organization canceled the event in the prior year due to COVID-19 restrictions. Income from the event consisted of the following for the years ended June 30, 2021.

Admissions, donations and sponsorships	\$ 60,450
Less cost of direct donor benefits	<u>(16,523)</u>
Total	<u>\$ 43,927</u>

WORKSAFE, INC.

**Notes to the Financial Statements  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)**

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**NOTE 8: RETIREMENT CONTRIBUTIONS**

The Organization has a defined contribution plan as established under Internal Revenue Code Section 401(k) (the Plan). Upon successful completion of 90 days of employment, full-time and part-time employees are eligible to enroll in the Plan. For each Plan year, the Board of Directors of the Organization determines the amount (if any) to be contributed to the Plan by the Organization. Contributions made by the Organization for the years ending June 30, 2021 and 2020 totaled \$22,846 and \$21,929, respectively.

**NOTE 9: PAYCHECK PROTECTION PROGRAM**

The Organization received notice during the year ended June 30, 2021 that based on reports submitted, the Organization met the expenditure and criteria for the PPP – First Round funding, and the related potential liability had been forgiven. The Organization recognized the \$73,331 of funding as support during the year ended June 30, 2021.

**NOTE 10: CONCENTRATIONS**

**Revenue Concentrations**

During the year ended June 30, 2021, approximately 60% of the Organization’s support and revenue was from two funders. A significant reduction in the level of this support, if this were to occur, may have an effect of the Organization’s program and activities.

**Concentration of Credit Risk**

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

**NOTE 11: CONDITIONAL PROMISES TO GIVE**

In addition to the activity reported on the financial statements, the Organization may receive grants with future payments subject to certain conditions, performance barriers or rights of revocation.

It is the Organization’s policy to defer revenue recognition of conditional amounts until such conditions have been satisfied. As of June 30, 2021, conditional grants consisted of the following.

<u>Grant</u>	<u>Award</u>	<u>Recognized</u>	<u>Remaining</u>
Grant I	\$195,320	\$145,813	\$41,369
Grant II	\$143,149	\$71,575	\$71,574
Grant III	\$160,543	\$80,272	\$80,271
Grant IV	\$85,000	\$27,495	\$57,505

WORKSAFE, INC.

**Notes to the Financial Statements  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)**

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**NOTE 12: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 are:

Cash and cash equivalents	\$ 864,093
Certificates of deposit	571,803
Accounts receivable	68,391
Contributions receivable	<u>50,000</u>
Total	<u>\$ 1,554,287</u>

As part of the Organization's liquidity management plan, the Organization invests funds in excess of daily requirements in cash and certificates of deposit.

**NOTE 13: SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and has concluded that as of October 14, 2021, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

**Public Health Order - Coronavirus**

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.