
WORKSAFE, INC.

FINANCIAL STATEMENTS

June 30, 2019

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

WORKSAFE, INC.

Contents

Independent Auditors' Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7-13

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, 2019, 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby + Lanida CPAs LLP

Oakland, California

September 28, 2019

WORKSAFE, INC.

Statement of Financial Position
June 30, 2019
(With Comparative Totals as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash	\$ 317,405	\$ 410,539
Certificates of deposit	110,908	110,834
Accounts receivable	1,800	-
Contributions receivable	2,000	11,982
Prepaid expenses	39,634	39,165
Total Current Assets	<u>471,747</u>	<u>572,520</u>
Property and equipment, net (Note 3)	1,866	2,369
Deposits	<u>16,112</u>	<u>3,829</u>
Total Assets	<u>\$ 489,725</u>	<u>\$ 578,718</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 25,019	\$ 32,701
Accrued vacation	22,781	13,607
Total Liabilities	<u>47,800</u>	<u>46,308</u>
Commitments and Contingencies (Notes 4 and 5)		
Net assets		
Without donor restrictions	261,130	293,625
With donor restrictions (Note 6)	180,795	238,785
Total Net Assets	<u>441,925</u>	<u>532,410</u>
Total Liabilities and Net Assets	<u>\$ 489,725</u>	<u>\$ 578,718</u>

See Notes to the Financial Statements

WORKSAFE, INC.

**Statement of Activities
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Support and Revenue				
Foundation and community grants	\$ 385,336	\$ 270,250	\$ 655,586	\$ 629,391
Contributions	67,577		67,577	70,834
Cy pres awards			-	11,628
Fundraising event, net (Note 8)	46,408		46,408	50,806
In kind support			-	1,814
Interest	74		74	37
Miscellaneous	3,145		3,145	5,887
Support provided by expiring time and purpose restrictions	328,240	(328,240)	-	-
Total Support and Revenue	830,780	(57,990)	772,790	770,397
Expenses				
Program	682,413		682,413	633,295
Management and general	125,515		125,515	143,006
Fundraising	55,347		55,347	14,559
Total Expenses	863,275	-	863,275	790,860
Change in net assets	(32,495)	(57,990)	(90,485)	(20,463)
Net Assets, beginning of year	293,625	238,785	532,410	552,873
Net Assets, end of year	<u>\$ 261,130</u>	<u>\$ 180,795</u>	<u>\$ 441,925</u>	<u>\$ 532,410</u>

See Notes to the Financial Statements

WORKSAFE, INC.

Statement of Cash Flows
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (90,485)	\$ (20,463)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	503	146
Changes in assets and liabilities:		
Accounts receivable	(1,800)	(11,671)
Contributions receivable	9,982	114,234
Prepaid expenses	(469)	32,496
Deposits	(12,283)	20
Accounts payable and accrued expenses	(7,682)	12,249
Accrued vacation	9,174	(2,105)
Net cash provided (used) by operating activities	<u>(93,060)</u>	<u>124,906</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(2,515)
Purchase of certificates of deposit, net	(74)	(37)
Net cash provided (used) by investing activities	<u>(74)</u>	<u>(2,552)</u>
Net change in cash	(93,134)	122,354
Cash, beginning of year	<u>410,539</u>	<u>288,185</u>
Cash, end of year	<u>\$ 317,405</u>	<u>\$ 410,539</u>

See Notes to the Financial Statements

WORKSAFE, INC.

**Statement of Functional Expenses
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	Program	Management and General	Fundraising	Total	
				2019	2018
Salaries	\$ 397,722	\$ 68,358	\$ 31,434	\$ 497,514	\$ 442,918
Retirement contributions	15,158	2,861	1,102	19,121	13,836
Other employee benefits	55,073	8,440	5,474	68,987	43,661
Payroll taxes	32,165	5,148	2,493	39,806	35,720
Total Personnel	<u>500,118</u>	<u>84,807</u>	<u>40,503</u>	<u>625,428</u>	<u>536,135</u>
Grants	75,115	-	-	75,115	107,523
Accounting fees	-	14,275	-	14,275	10,750
Contract services	3,056	329	4,610	7,995	13,922
Advertising and promotion	1,825	620	909	3,354	53
Office expenses	14,715	2,414	1,727	18,856	23,388
Travel and meals	7,426	6,863	747	15,036	23,600
Occupancy	63,982	10,122	5,470	79,574	47,266
Conference and meetings	4,171	1,532	86	5,789	1,910
Insurance	4,880	1,428	123	6,431	6,369
Dues, licenses, service fees	5,000	1,411	156	6,567	12,393
Bank fees, payroll services	1,031	1,203	86	2,320	2,612
Depreciation	-	503	-	503	146
In-kind expenses	-	-	-	-	1,814
Miscellaneous	1,094	8	930	2,032	2,979
Total Expenses by Function	<u>682,413</u>	<u>125,515</u>	<u>55,347</u>	<u>863,275</u>	<u>790,860</u>
Expenses reported on a net basis on Statement of Event direct expense	-	-	6,117	6,117	10,424
Total Expenses	<u>\$ 682,413</u>	<u>\$ 125,515</u>	<u>\$ 61,464</u>	<u>\$ 869,392</u>	<u>\$ 801,284</u>

See Notes to the Financial Statements

WORKSAFE, INC.

**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

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 imposed 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 by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

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

WORKSAFE, INC.

Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

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.

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 Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2019 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, 2019.

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, 2019. 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

WORKSAFE, INC.

**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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.

At June 30, 2019, the Organization valued all certificates of deposit at fair value based on level 2 inputs.

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.

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.

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

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.

Changes in Accounting Principles

The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at June 30, 2018:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 293,625	\$ -
Temporarily restricted net assets	238,785	-
Net assets without donor restrictions	-	293,785
Net assets with donor restrictions	-	238,785
Total	<u>\$ 532,410</u>	<u>\$ 532,410</u>

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, 2018, 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.

WORKSAFE, INC.

Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of September 28, 2019 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 4,143	\$ 4,143
Less: accumulated depreciation	<u>(2,277)</u>	<u>(1,774)</u>
Total	<u>\$ 1,866</u>	<u>\$ 2,369</u>

NOTE 4: COMMITMENTS

Operating Leases

The Organization is party to a lease for office expense which expires in January 2020. Future minimum operating lease payments are as follows for the years ending December 31:

2020	\$ 98,010
2021	100,980
2022	103,950
2023	107,069
2024	<u>54,351</u>
Total	<u>\$ 464,360</u>

Rent expense for the year ended June 30, 2019 was \$78,799.

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>2019</u>	<u>2018</u>
Legal support services	\$ 103,125	\$ 80,450
Making work pay collaborative	12,500	-
Future use	<u>65,170</u>	<u>158,335</u>
Total	<u>\$ 180,795</u>	<u>\$ 238,785</u>

WORKSAFE, INC.

**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

NOTE 7: 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, 2019 and 2018 totaled \$19,121 and \$13,836, respectively.

NOTE 8: FUNDRAISING EVENT

The Organization held a fundraising event during the year. Activity related to the event was as follows during the years ended June 30:

	<u>2019</u>	<u>2018</u>
Admission	\$ 16,000	\$ 15,800
Donations and sponsorships	33,795	45,430
Raffle	2,730	-
Less: Costs of direct donor benefit	<u>(6,117)</u>	<u>(10,424)</u>
Total	<u>\$ 46,408</u>	<u>\$ 50,806</u>

NOTE 9: CONCENTRATIONS

Revenue Concentrations

During the year ended June 30, 2019, approximately 65% of the Organization's support and revenue came from a single funder. 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.

NOTE 10: CONDITIONAL PROMISES TO GIVE

In addition to the activity reflected on the Organizations statement of activity, the Organization received certain conditional promises to give as of June 30, 2019:

<u>Grant</u>	<u>Condition</u>	<u>Amount</u>
Grant I	Program performance and reporting	\$ 46,875
Grant II	Program performance and reporting	\$ 78,545
Grant III	Program performance and reporting	\$ 262,500
Grant IV	Program performance and reporting	\$ 94,101

The Organization recognizes such promises to give as support once the related conditions are satisfied.

NOTE 11: 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, 2019 are:

WORKSAFE, INC.

**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

Financial assets:	
Cash	\$ 317,405
Certificates of deposit	110,908
Accounts receivable	1,800
Contributions receivable	<u>2,000</u>
Total financial assets	432,113
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	<u>(115,625)</u>
Amount available for general expenditures within one year	<u>\$ 316,488</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.