WORKSAFE, INC.

FINANCIAL STATEMENTS

June 30, 2024

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023)

CROSBY & KANEDA
Certified Public Accountants
for Nonprofit Organizations

WORKSAFE, INC.

Contents

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Worksafe, Inc.
Oakland, California

Opinion

We have audited the accompanying financial statements of Worksafe, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows and functional expenses, for the year then ended, and the related notes to the financial statements. 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, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 accounting principles generally accepted in the United States of America, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby + Kaneda CPAs LLP

Alameda, California
November 13, 2024

WORKSAFE, INC.

Statement of Financial Position
June 30, 2024
(With Comparative Totals as of June 30, 2023)

	2024	2023
Assets		
Assets		
Cash and cash equivalents	$ 986,241	$ 1,955,531
Certificates of deposit	745,448	581,039
Investments (Note 3)	1,792,339	317,827
Accounts receivable	119,264	93,705
Prepaid expenses and deposits	27,684	38,105
Property and equipment, net (Note 5)	2,378	4,095
Right-of-use asset - operating lease	172,758	50,963
Total Assets	$ 3,846,112	$ 3,041,265
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 56,117	$ 115,340
Accrued paid time off (Note 9)	49,816	39,509
Deferred revenue	70,081	38,870
Operating lease liability (Note 6)	173,995	51,508
Total Liabilities	350,009	245,227
Net assets		
Without donor restrictions	3,486,729	2,790,830
With donor restrictions (Note 10)	9,374	5,208
Total Net Assets	3,496,103	2,796,038
Total Liabilities and Net Assets	$ 3,846,112	$ 3,041,265

WORKSAFE, INC.

Statement of Activities
For the Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Support and Revenue				
Support				
Foundation and community grants	$ 322,943	$ 76,500	$ 399,443	$ 372,735
Cy Pres awards	743,306		743,306	1,038,596
Government grants	712,372		712,372	592,394
Contributions	41,475		41,475	40,155
Fundraising event, net (Note 11)	17,539		17,539	26,659
Total Support	1,837,635	76,500	1,914,135	2,070,539
Revenue				
Rental income	13,163		13,163	21,263
Investment activity (Note 3)	34,512		34,512	17,828
Interest	31,232		31,232	7,974
Other	3,541		3,541	8,071
Total Revenue	82,448	-	82,448	55,136
Support provided by expiring time and purpose restrictions	72,334	(72,334)	-	-
Total Support and Revenue	1,992,417	4,166	1,996,583	2,125,675
Expenses				
Program	991,069		991,069	934,687
Management and general	241,265		241,265	93,714
Fundraising	64,184		64,184	61,076
Total Expenses	1,296,518	-	1,296,518	1,089,477
Change in net assets	695,899	4,166	700,065	1,036,198
Net Assets, beginning of year	2,790,830	5,208	2,796,038	1,759,840
Net Assets, end of year	$ 3,486,729	$ 9,374	$ 3,496,103	$ 2,796,038

WORKSAFE, INC.

Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	$ 700,065	$ 1,036,198
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	1,717	2,075
Investment activity	(34,512)	(17,828)
Changes in assets and liabilities:		
Accounts receivable	(25,559)	172,893
Prepaid expenses and deposits	10,421	(625)
Operating lease assets and liabilities	692	545
Accounts payable and accrued expenses	(59,223)	(25,723)
Accrued paid time off	10,307	461
Deferred revenue	31,211	37,666
Net cash provided (used) by operating activities	635,119	1,205,662
Cash flows from investing activities		
Purchases of investment	(1,440,000)	(300,000)
Purchase and reinvestments to CDs, net	(164,409)	(7,936)
Net cash provided (used) by investing activities	(1,604,409)	(307,936)
Net change in cash and cash equivalents	(969,290)	897,726
Cash and cash equivalents, beginning of year	1,955,531	1,057,805
Cash and cash equivalents, end of year	$ 986,241	$ 1,955,531
Supplemental Information		
Right-of-use assets aquired through assumption of lease liability	$ 193,396	$ 154,533
Cash paid for operating lease	$ 75,800	$ 107,664

See Notes to the Financial Statements

WORKSAFE, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Program	Management and General	Fundraising	Total 2024	Total 2023
Salaries	$ 540,720	$ 120,706	$ 28,974	$ 690,400	$ 660,753
Retirement plan	18,789	2,800	976	22,565	24,740
Employee benefits	56,077	14,758	3,532	74,367	60,009
Payroll taxes	47,213	10,646	2,489	60,348	49,616
Total Personnel	662,799	148,910	35,971	847,680	795,118
Contract services	141,892	43,398	21,516	206,806	70,402
Advertising and promotion	546	40	17	603	4,226
Supplies and office expenses	59,997	9,540	1,955	71,492	52,535
Travel	43,533	7,090	702	51,325	18,650
Occupancy	68,642	23,855	3,446	95,943	126,178
Conferences and meetings	1,614	4,493	10	6,117	3,592
Insurance	9,268	82	397	9,747	10,246
Depreciation	-	1,717	-	1,717	2,075
Other	2,778	2,140	170	5,088	6,455
Expenses by Function	$ 991,069	$ 241,265	$ 64,184	$ 1,296,518	$ 1,089,477
Expenses reported on a net basis on Statement of					
Direct donor benefits	-	-	17,915	17,915	19,729
Total Expenses	$ 991,069	$ 241,265	$ 82,099	$ 1,314,433	$ 1,109,206

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).

Basis of Presentation

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

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.

Government Support

A portion of the Organization's revenue is derived from cost-reimbursable contracts from governmental agencies, which are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses. The revenue generated from these contracts is classified as conditional and revenue is recognized as the Organization incurs eligible expenditures. The Organization had cost-reimbursable grants of $452,617 that have not been recognized as of June 30, 2024, because qualifying expenditures have not yet been incurred. The Organization has elected to treat government awards recognized simultaneously as costs are incurred and restrictions met as unrestricted.

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 IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2024, 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.

Certificates of Deposit

The Organization accounts for contractual certificates of deposit at cost plus accrued interest. Brokered certificates of deposit are classified with investment holdings and valued at fair value.

Accounts Receivable

Accounts receivable are unsecured non-interest bearing trade receivables. The Organization uses historical loss information adjusted for management's expectations about current and future economic conditions and the aging of receivables relative to expected payment dates as the basis to determine expected credit losses. If amounts become uncollectible, they are charged to the valuation allowance for credit losses if any, with any excess amounts charged to expense in the period in which that determination is made. The Organization considers all accounts receivable to be fully collectible at June 30, 2024. Accordingly, no allowance for doubtful accounts was deemed necessary. The Organization expects to collect all accounts receivable within one year.

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, 2024. 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.

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.

Property and Equipment

All acquisitions of property and equipment in excess of $5,000 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

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.

Leases

The Organization evaluates all contracts to determine if they contain a lease. For leases with terms greater than 12 months, the Organization records a right-of-use asset and lease obligation at the present value of lease payments over the term of the lease. The Organization expenses total lease costs on a straight-line basis over the related lease term. The Organization has elected to exclude leases that (a) have a lease term of 12 months or less and (b) do not contain a reasonably certain purchase option. The Organization has elected to combine non-lease components with related lease components unless non-lease components are billed separately. As the Organization's leases do not generally provide a readily determinable implicit interest rate, the Organization uses the risk-free rate commensurate with the respective terms of the leases to discount the lease payments.

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.

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 Pronouncements (CECL)

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the probable incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses on financial instruments and other commitments to extend credit. The adoption of this update did not have a material impact on the Organization's financial statements.

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, 2023, 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.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of November 13, 2024, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: INVESTMENTS

The Organization invested in mutual funds, exchange traded funds and direct equity holdings as follows as of June 30:

	2024	2023
Cash and cash equivalents	$ 7,976	$ 3,511
US Treasuries < 1 year remaining	1,081,977	-
US Treasuries < 2 years remaining	357,444	-
Fixed income	138,694	125,497
Domestic equities	141,035	143,783
International equities	48,733	44,683
Other	16,480	353
Total	$ 1,792,339	$ 317,827

US Treasuries

All US Treasuries had remaining maturities of 1 year or less as of June 30, 2024

Investment Activity

Investment activity consisted of the following for the year ended June 30, 2024:

Realized and unrealized gain, net	$ 26,558
Interest and dividends on investments	12,642
Investment fees	(4,688)
Total	$ 34,512

NOTE 4: 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 value 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.

The Organization measured the fair values of investments totaling $1,792,339 as follows as of June 30, 2024.

	Level 1	Level 2	Total
Cash and cash equivalents	$ 7,976	$ -	$ 7,976
US Treasuries < 1 year remaining		1,081,977	1,081,977
US Treasuries < 2 years remaining		357,444	357,444
Fixed income	138,694	-	138,694
Domestic equities	141,035	-	141,035
International equities	48,733	-	48,733
Other	16,480	-	16,480
Total	$ 352,918	$ 1,439,421	$ 1,792,339

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2024	2023
Furniture and equipment	$ 8,588	$ 12,731
Less accumulated depreciation	(6,210)	(8,636)
Total	$ 2,378	$ 4,095

NOTE 6: OPERATING LEASE LIABILITY

The Organization is party to a lease for office space in Oakland, California which expires in December 2028. The Organization's office lease requires minimum monthly lease payments of $3,541 per month. Future minimum operating lease payments are as follows for the years ending June 30:

2025	$ 40,614
2026	41,832
2027	43,087
2028	44,380
2029	22,518
Less amounts considered interest	(18,436)
Total	$ 173,995
Weighted avg lease term	4.5 year
Weighted avg discount rate	3.67%

Operating lease expense for the years ended June 30, 2024 and 2023 was $75,051 and $107,664, respectively.

Rental Income

The Organization leased a portion of its Oakland location to a nonprofit public benefit corporation under a sublease that expired February 2022. Rental income was $13,163 for the year ended June 30, 2024.

NOTE 7: CONTINGENCIES

Grant Awards

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's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 8: CONCENTRATIONS

Revenue Concentrations

During the year ended June 30, 2024, approximately 27% of the Organization's support and revenue was from two government 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 Organization had deposits in excess of federally insured limits of approximately $179,418 as of June 30, 2024.

Geographic Area

A material portion of the organization's activities and funders are located in San Francisco Bay Area and the State of California. As such, the organization's ability to generate resources or carry out activities may be impacted by factors affecting the areas in which it primarily operates.

NOTE 9: ACCRUED PAID TIME OFF

Accrued time off consisted of the following as of June 30:

	2024	2023
Accrued vacation	$ 40,588	$ 29,621
Accrued sabbatical	9,228	9,888
Total	$ 49,816	$ 39,509

Sabbatical

The Organization has a policy offering eligible employees a four-week paid sabbatical leave after six years of service. Sabbatical benefits do not vest and must be approved by management. The amount of accrued sabbatical is an estimate which depends on likelihood of staff reaching a six-year service period and other factors.

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of $9,374 and $5,208 were available for future use as of June 30, 2024 and 2023, respectively.

NOTE 11: FUNDRAISING EVENT

The Organization held its annual fundraising event virtually during the year. Income from the event consisted of the following for the years ended June 30:

	2024	2023
Admissions, donations and sponsorships	$ 35,454	$ 46,388
Less cost of direct donor benefits	(17,915)	(19,729)
Total	$ 17,539	$ 26,659

Event activity included approximately $2,010 in in-kind donations for the year ended June 30, 2024.

NOTE 12: DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization offers a defined contribution plan (the Plan) to eligible employees. Upon successful completion of 90 days of employment, full-time and part-time employees are eligible to enroll in the salary deferral portion of the Plan. Upon completion of one year of service, employees are eligible for employer discretionary profit-sharing contributions of up to 4% of wages. 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.

NOTE 13: 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, 2024 are:

Cash and cash equivalents	$ 986,241
Certificates of deposit	745,448
Investments	1,792,339
Accounts receivable	119,264
Total	$ 3,643,292

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