

KEVIN E. FORDYCE, CPA



Financial Statements for the
Year Ended December 31, 2019



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Californians for Population Stabilization, Inc.
Financial Statements
Year Ended December 31, 2019

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Independent Auditor's Report

To the Board of Directors
Californians for Population Stabilization

We have audited the accompanying financial statements of Californians for Population Stabilization (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, 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 ("GAAP"); 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 of 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 Californians for Population Stabilization as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with GAAP.

Report on Summarized Comparative Information

We have previously audited Californians for Population Stabilization's 2018 financial statements, and our report dated September 24, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Glendale, California
November 25, 2019

CALIFORNIANS FOR POPULATION STABILIZATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	Without Donor Restrictions	With Donor Restrictions	Total	2018
<u>Assets</u>				
Cash	\$ 52,540	\$ -	\$ 52,540	\$ 463,574
Pledges and Accounts Receivable	-	2,060	2,060	1,000
Marketable Securities	938,091	71,530	1,009,621	216,986
Prepaid Expenses and Deposits	1,463	-	1,463	4,151
Interest in Charitable Remainder Trust	-	299,822	299,822	271,493
Charitable Gift Annuity	-	-	-	1,650
Equipment, Net	10,928	-	10,928	3,831
Total Assets	<u>\$ 1,003,022</u>	<u>\$ 373,412</u>	<u>\$ 1,376,434</u>	<u>\$ 962,685</u>
<u>Liabilities</u>				
Accounts Payable and Accrued Liabilities	\$ 24,783	\$ -	\$ 24,783	\$ 16,841
Deferred Revenue	-	-	-	2,600
Total Liabilities	<u>24,783</u>	<u>-</u>	<u>24,783</u>	<u>19,441</u>
<u>Net Assets</u>				
Without Donor Restrictions	978,239	-	978,239	632,571
With Donor Restrictions	-	373,412	373,412	310,673
Total Net Assets	<u>978,239</u>	<u>373,412</u>	<u>1,351,651</u>	<u>943,244</u>
Total Liabilities and Net Assets	<u>\$ 1,003,022</u>	<u>\$ 373,412</u>	<u>\$ 1,376,434</u>	<u>\$ 962,685</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIANS FOR POPULATION STABILIZATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	2018
<u>Support and Revenue</u>				
Contributions	\$ 1,016,479	\$ 57,245	\$ 1,073,724	\$ 672,801
Bequests	107,500	-	107,500	500,000
Gain/(Loss) on Investments	4,441	-	4,441	(8,199)
Change in Value of Charitable Remainder Trust	-	28,329	28,329	(16,209)
Interest and Dividend Income	14,637	-	14,637	10,250
Other Income	20,506	-	20,506	17,567
Net Assets Released From Restrictions	22,835	(22,835)	-	-
Total Support and Revenue	<u>1,186,398</u>	<u>62,739</u>	<u>1,249,137</u>	<u>1,176,210</u>
<u>Expenses</u>				
Program Services	670,719	-	670,719	620,649
Supporting Services:				
Management and General	137,199	-	137,199	135,626
Fundraising	32,812	-	32,812	36,695
Total Expenses	<u>840,730</u>	<u>-</u>	<u>840,730</u>	<u>792,970</u>
Increase in Net Assets	345,668	62,739	408,407	383,240
Net Assets at Beginning of Year	632,571	310,673	943,244	560,004
Net Assets at End of Year	<u>\$ 978,239</u>	<u>\$ 373,412</u>	<u>\$ 1,351,651</u>	<u>\$ 943,244</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIANS FOR POPULATION STABILIZATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Summarized Totals for the Year Ended December 31, 2018)

	Program Services	Management and General	Fundraising	Total	2018
Salaries Wages and Benefits:					
Salaries and Wages	\$ 140,632	\$ 65,028	\$ 19,351	\$ 225,011	\$ 204,951
Payroll Taxes	10,938	5,058	1,505	17,501	16,205
Employee Benefits	6,998	3,236	963	11,197	11,559
Total Personnel Expenses	<u>158,568</u>	<u>73,322</u>	<u>21,819</u>	<u>253,709</u>	<u>232,715</u>
Other Operations:					
Advertising Campaigns and College Outreach	442,204	-	-	442,204	422,376
Internet and Web Presence	27,702	12,809	3,812	44,323	16,683
Rent and Facility Expense	20,108	9,298	2,767	32,173	48,891
Legal and Accounting	-	29,846	-	29,846	15,244
Office Expenses	7,337	3,392	1,009	11,738	18,943
Board Meetings and Travel	5,585	402	-	5,987	8,507
Telephone and Utilities	3,133	1,448	431	5,012	5,406
Insurance	-	4,756	-	4,756	5,108
Office Supplies	2,112	977	291	3,380	2,017
Development	-	-	2,400	2,400	2,250
Depreciation	1,123	520	155	1,798	2,141
Printing and Postage	929	429	128	1,486	7,684
Equipment Rental	1,348	-	-	1,348	3,984
Registration Fees	570	-	-	570	500
Public Relations	-	-	-	-	490
Other Miscellaneous	-	-	-	-	31
Total Other Operations	<u>512,151</u>	<u>63,877</u>	<u>10,993</u>	<u>587,021</u>	<u>560,255</u>
Total Expenses	<u>\$ 670,719</u>	<u>\$ 137,199</u>	<u>\$ 32,812</u>	<u>\$ 840,730</u>	<u>\$ 792,970</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIANS FOR POPULATION STABILIZATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 408,407	\$ 383,240
Adjustment to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities		
Depreciation	1,798	2,141
Change in Value of Interest in Chartable Remainder Trust	(28,329)	16,209
Realized and Unrealized (Gain)/Loss on Investments	(4,441)	8,199
Reinvested Dividends and Interest	(18,297)	(10,150)
Changes in:		
Pledges and Accounts Receivable	(1,060)	15,517
Prepaid Expenses	2,688	5,018
Charitable Gift Annuity	1,650	2,758
Accounts Payable and Accrued Expenses	7,942	(5,206)
Deferred Revenue	(2,600)	2,600
Net Cash Provided By Operating Activities	<u>367,758</u>	<u>420,326</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(1,124,897)	(228,834)
Proceeds from Sale and Maturity of Investments	355,000	231,692
Purchase of Equipment	(8,895)	-
Net Cash (Used In)/Provided by Investing Activities	<u>(778,792)</u>	<u>2,858</u>
Net (Decrease)/Increase in Cash	(411,034)	423,184
Cash at Beginning of Year	<u>463,574</u>	<u>40,390</u>
Cash at End of Year	<u><u>\$ 52,540</u></u>	<u><u>\$ 463,574</u></u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIANS FOR POPULATION STABILIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1 – Organization

Californian's for Population Stabilization Inc., ("CAPS" or the "Organization") is a not-for-profit organization originally incorporated under the laws of California on March 12, 1979 as Zero Population Growth – California Foundation, Incorporated. The name was changed to Californian's for Population Stabilization, Inc. on March 5, 1986. Its principal place of business is in Ventura, California.

CAPS' primary programs are as follows:

Overpopulation Awareness Media Campaign

Throughout 2019, CAPS continued to receive media coverage of its positions highlighting the connections among population growth, excessive immigration, and environmental degradation.

Successful campaigns included television, radio, digital and print campaigns that:

- Highlighted the relationship between the growth in human population and larger, more destructive wildfires;
- Drew attention to role of population growth in environmental degradation and loss of biodiversity;
- Demonstrated the connection among sanctuary policies, increased illegal immigration, and serious criminal acts;
- Showed that the influx of foreign workers depressed wages of American workers who are citizens and legal permanent residents.

Education and Communication

In newsletters, emails, and website articles, CAPS utilized its Senior Writing Fellows and other knowledgeable authors to publish well-written research on topics related to the primary purpose of the organization—to show how lower population growth effected through small families and decreased immigration levels will protect the environment and preserve a good quality of life for all.

Online Education and Advocacy

CAPS engages in education and advocacy programs designed to reach public officials and opinion-leaders—both in California and at the national level—by mail, email, social media, phone calls, and CAPS' website, www.CAPSweb.org.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to not-for-profit organizations. Revenues are reported as increases in unrestricted net assets, unless there are donor-imposed purposes and/or time restrictions on the gifted assets. Expenses are reported as decreases in unrestricted net assets. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted explicit donor stipulation or by law.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates. Significant estimates include useful lives of fixed assets and their related depreciation method, allocations of functional expenses, valuation of the interest in the charitable remainder trust, allowance for uncollectible pledges and the fair value for contributed assets.

CALIFORNIANS FOR POPULATION STABILIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation and Contributions

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received or pledged. Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in the primary objectives of the Organization.

Net Assets with Donor Restrictions

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time or are restricted for long periods of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying financial statements as net assets released from restrictions.

Some net assets with donor restrictions may be restricted by the donors for investment in perpetuity. The investment income is generally available for general support of the Organization's programs and operations.

It is the policy of the Organization to record support that is donor restricted as support without donor restrictions when the donor-imposed restrictions have been satisfied within the reporting period.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in demand deposit accounts. The Organization considers investments with original maturities of three months or less at the time of purchase to be cash equivalents.

Pledges and Accounts Receivable

Pledges are recorded as revenue at the time of the pledge. Long-term pledges are discounted over the term of the pledge using an appropriate discount rate.

Accounts receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of allowance for doubtful accounts, if any, represents their estimated net realizable value.

The allowance for doubtful accounts, if any, is estimated based on historical trends, type of customer, the age of the outstanding receivables, and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance adjusted accordingly.

Investments

Investments are stated at fair value for securities that are regularly traded and available for sale, or amortized cost for notes that the Organization intends to hold until maturity. The estimated fair value of investments is based on quoted market prices, except for alternative investments for which quoted market prices are not available. Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the statement of activities and changes in net assets in the period that such fluctuations occur. The Organization does not currently own any alternative investments for which quoted prices are unavailable.

CALIFORNIANS FOR POPULATION STABILIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

In accordance with Accounting Standards Codification ("ASC") 820, *Fair Value Measurements*, fair value is defined as the price that the Organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820 establishes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- | | |
|-----------|--|
| Level I | Quoted prices in active markets for identical assets and liabilities. |
| Level II | Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. |
| Level III | Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests |

Concentrations

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash, cash equivalents, and receivables. The Organization maintains cash and cash equivalents primarily with major financial institutions. From time to time, such amounts may exceed Federal Deposit Insurance Corporation limits, however management does not believe such overages represent a significant credit risk.

One donor comprises 61% of the total revenue related to contributions and bequests for the year ended December 31, 2019.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value as of the date of donation if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than one thousand dollars and the useful life is greater than one year. Leasehold improvements, if any, are depreciated over the useful life of the asset or the estimated time of the lease, whichever period is shorter. The property and equipment comprised primarily of computer equipment which is depreciate over three years.

Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flow is less than the carrying value of an asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended December 31, 2018.

CALIFORNIANS FOR POPULATION STABILIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Donor grants and contributions are recognized as revenues when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as donor restricted 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 a purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restriction. Contributions that include donor restrictions that are satisfied either by the passage of time or satisfying the donor restricted purpose in the same period as the contribution is received are reported as support without donor restrictions.

Grants that are considered to be exchange contracts are recognized as they are determined to be earned in accordance with the guidance provided by ASU Topic 606.

Contributed Assets and Services

Contributions of donated assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

A substantial number of volunteers have donated their time to CAPS' board in an advisory capacity. This volunteer service does not meet the recognition criteria noted above, thus no amount has been recorded in these financial statements for these services.

Functional Allocation of Expenses

Costs of providing the Organization's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit, generally direct labor.

Advertising Costs

All advertising costs are expensed as incurred.

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the California State Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization applies the recognition requirements for uncertain income tax positions as required by GAAP. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. Furthermore, the Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2019.

CALIFORNIANS FOR POPULATION STABILIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2015.

Recently Issued Accounting Standards Implemented In the Current Fiscal Year

In June 2018, the Financial Accounting Standards Board ("FASB") Issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to address questions from the not-for-profit industry regarding the proper interpretation and application of ASU 2014-09, *Revenue from Contracts with Customers*.

The amendments in this ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange contribution, and if it is determined to be a contribution, whether the contribution is conditional or unconditional. Contributions are considered to be conditional if the donor retains the right of return for funds inappropriately spent and the agreement contains one or more "barriers", such as a specified level of service, a specified outcome, matching requirement(s), an outside event or occurrence, or objectively measurable milestones. The standard allows for the modified prospective method of implementation, however the Organization reviewed all of its material grants that were received in the fiscal year ended December 31, 2019 or were carried forward from the previous fiscal year and determined that no grant should be classified and reported in the financial statements as a conditional grant under the criteria.

Note 3 – Pledges and Accounts Receivable

The Organization has one pledge receivable in the amount of \$2,060 that is expected to be collected within one year and accordingly, no reserve for receivables has been established.

Note 4 – Investments

The investment goal of the Organization is to maintain or grow its spending power in real inflation adjusted terms with risk at a level appropriate to the Organization's programmatic spending and objectives. The Organizations' investments in marketable securities are in cash and cash equivalents, developed market equities, and fixed income instruments.

All securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of the Organization's investments and total net assets balance could fluctuate materially.

The following table summarizes the valuation of the Organization's investments and interests in charitable remainder trust and gift annuity per the ASC 820 fair value hierarchy levels as of December 31, 2019:

CALIFORNIANS FOR POPULATION STABILIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 4 – Investments (Continued)

	Level I	Level II	Level III	Total
<u>Investments</u>				
Cash and Equivalents	\$ 355,014	\$ -	\$ -	\$ 355,014
Equities	24,120	-	-	24,120
Fixed Income Securities	630,487	-	-	630,487
Total Investments	<u>1,009,621</u>	<u>-</u>	<u>-</u>	<u>1,009,621</u>
<u>Interest In Trusts and Annuities</u>				
Interest in Charitable Remainder Trust	<u>-</u>	<u>-</u>	<u>299,822</u>	<u>299,822</u>
Total of Investments and Interest in Trusts Reported at Fair Value	<u>\$ 1,009,621</u>	<u>\$ -</u>	<u>\$ 299,822</u>	<u>\$ 1,309,443</u>

The loss on investments of \$4,441 reported in the statement of activities includes investment management fees of \$2,144.

The following schedule shows the changes in Level III investments and assets, which are comprised of the Organization's interest in the charitable remainder trust and gift annuity for the year ended December 31, 2019:

Beginning Balance at December 31, 2019	\$ 273,143
Change in Estimated Fair Value of the Interest in Charitable Remainder Trust	28,329
Final Collection of Charitable Gift Annuity	(1,650)
Ending Balance at December 31, 2019	<u>\$ 299,822</u>

Note 5 – Interest in Charitable Remainder Trust

The Organization has a 1/7th remainderman beneficiary interest in one charitable remainder unitrust. The Organization does not serve as a trustee for the trust. The Organization initially recorded the its interest in the trust several years ago when it first became aware of the trust and it became irrevocable in nature. The initial contribution was recorded at its net present value by taking the known value of trust at the recording date, the known trust annual payout percentage to the surviving beneficiary and estimating (1) the remaining life of the surviving beneficiary, (2) the annual growth rate of the trust's invested portfolio, and discounting the resulting expected value to be contributed to the Organization using an estimated appropriate rate of discount.

Each year the Organization is updated as to the current total value of the trust, which they use to update their estimate of the present value of the ultimate distribution of the trust's assets. The change in present value of the estimated future benefits to be received when the trust assets are ultimately distributed is recorded in the statement of activities as a change in the value of the charitable remainder trust. The change for the year ended December 31, 2019 was an increase in value of \$28,329.

The total value of the unitrust at December 31, 2019 is \$2,964,304. The significant estimates in the calculation are as follows: Estimated remaining life of the beneficiary at December 31, 2018 is seven years; annual expected portfolio growth rate is 4%, and the discount rate is 4%,and the expected payout rate is 5%. All estimates are reviewed on an annual basis for accuracy.

CALIFORNIANS FOR POPULATION STABILIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 6 – Property and Equipment

Depreciable equipment at December 31, 2018 consists of depreciable furniture, fixtures, and computers and their related software as shown in the schedule below:

Furniture and Fixtures	\$ 14,322
Computers	23,664
Software	22,686
Total	<u>60,672</u>
Less: Accumulated Depreciation	(49,744)
Property and Equipment, net	<u>\$ 10,928</u>

Depreciation expense totaled \$1,798 for the year ended December 31, 2019.

Note 7 – Net Assets with Donor Restrictions

The Organization classifies net asset with donor restrictions into two separate categories, donor restricted net assets with purpose restrictions, and donor restricted net assets with time restrictions. Time restrictions relate to net assets that will not be available for use to the Organization until future time periods. The schedule below shows the nature of all of the Organization's net assets with donor restrictions At December 31, 2019:

Purpose Restrictions

Media Campaign	\$ 55,185
Population Education	14,307
Other Program Activities	2,038
Total Net Assets with Purpose Restrictions	<u>71,530</u>

Time Restrictions

Interest in Charitable Remainder Trust	299,822
Pledges Receivable	2,060
Total Net Assets with Time Restrictions	<u>301,882</u>

Total Net Assets with Donor Restrictions	<u>\$ 373,412</u>
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Note 8 – Information About Liquidity and Net Asset Availability

At December 31, 2019 the Organization has financial assets, defined as the sum of the cash, marketable securities, pledges receivable and its interest in the charitable remainder trust and gift annuity, which total \$954,659, all of which is available for use within the next year with the exception of the interest in the charitable remainder trust in the amount of \$299,822, which is expected to be collected several years into the future. Thus, the net available assets for use during the upcoming year is \$1,064,221.

At December 31, 2019 the Organization had current assets that total 1,065,684 and current liabilities of \$24,783, which yields a current ratio of 43:1. In addition the Organization's net financial assets available for next year of \$1,364,043 covers over one year of 2019 cash expenses (total expenses less depreciation). Management believes both of these liquidity measures show the Organization to have sufficient liquidity for all expected expenses during the upcoming year, given its expectations for similar revenues and expenses.

During the fiscal year ended December 31, 2020, the COVID pandemic resulted in a significant reduction in contributions for many not-for-profit organizations. CAPS has also seen a small reduction in contributions during the year, however, there has not been a need to significantly alter the execution of the Organization's programs on either an operational or financial level.

CALIFORNIANS FOR POPULATION STABILIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 8 – Information About Liquidity and Net Asset Availability (Continued)

In May of 2020, the Organization did take advantage of the Federal Government's Small Business Administration's Paycheck Protection Plan ("PPP") loan program and obtained a loan in the amount of \$43,175 for possible additional liquidity needs. The loan carries a 1% interest rate and is to be paid off over a two-year period commencing in the fiscal year ended December 31, 2021. The loan is forgivable up to 100% if the funds are used for salaries and other approved expenditures. Management believes all or substantially all of the loan amount will be forgiven under the forgiveness provisions of the loan.

The Organization prepares detailed budgets on an annual basis and monitors budget to actual variances on a consistent basis throughout the year such that operations can be adjusted to match any shortfalls in budgeted net revenue. Although the use of further credit resources is not expected within the next year, the Organization does have two credit cards with a combined total credit limit of \$31,000 and rates that range between approximately 14 – 19%. These resources could be used to augment liquidity if necessary, however they exist primarily to facilitate certain day-to-day purchase transactions without the use of formal purchase orders and paper checks.

The following schedule reflects the Organization's financial assets as of December 31, 2019, reduced by amounts not available for general use within one year of the balance sheet date due to contractual commitments, donor-imposed restrictions, or internal board designations. There are no internal board designations as of December 31, 2019.

Cash	\$ 52,540
Marketable Securities	1,009,621
Interest in Charitable Remainder Trust	299,822
Pledge Receivable	<u>2,060</u>
Financial Assets at December 31, 2018	1,364,043
Contractual or Donor Imposed Restrictions:	
Amounts to be Collected Beyond One Year	<u>(299,822)</u>
Financial Assets Available for General Expenditures for One Year	<u>\$ 1,064,221</u>

Note 9 – Commitments and Contingencies

Lease

At December 31, 2019 the Organization had one lease for office space in Ventura, California. The lease expired on January 31, 2020 and had a monthly lease payment of \$950 that includes telephone and internet services. A separate lease was entered into for the subsequent twelve-month period of February 1, 2020 through January 1, 2021 at a rate of \$1,025 per month.

Note 10 – Subsequent Events

The Organization has evaluated these December 31, 2019 financial statements for subsequent events through November 25, 2020 the day these financial statements were available to be issued. Management is not aware of any additional subsequent events that would require recognition or disclosure in them.

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Note 11 – New Accounting Standards

Leases

In February 2016 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases, amending Accounting Standards Codification (ASC) 842. This update requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use assets on the statement of position. The new guidance is effective for the Organization's fiscal year beginning January 1, 2021. The Organization is currently evaluating the impact that this guidance will have on its financial statements.