

**KEVIN E. FORDYCE, CPA**



California Association for Bilingual Education

**Financial Statements**  
**Fiscal Year Ended June 30, 2023**



California Association for Bilingual Education

**Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**Kevin E. Fordyce, CPA**

1327 North Pacific Avenue | 3588 Starling Drive  
Glendale, CA 91202 | Frisco, TX 75034  
(818) 543-1400 | (469) 980-7400  
kevin@kfcpa.com • www.kfcpa.com

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
California Association for Bilingual Education

### **Opinion**

California Association for Bilingual Education (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows 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 the Organization as of June 30, 2023, 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 ("GAAP").

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' 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 GAAP, 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.

### **Auditors' 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 GAAS, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Glendale, California  
December 18, 2022

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**  
**(WITH SUMMARIZED TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022)**

	Without	With	Total	
	Donor Restrictions	Donor Restrictions	2023	2022
<b>Assets</b>				
Cash	\$ 534,768	\$ 421,917	\$ 956,685	\$ 2,375,792
Accounts Receivable	1,156,059	-	1,156,059	692,675
Contributions Receivable	-	300,000	300,000	-
Investments	1,730,263	-	1,730,263	1,088,764
Inventory	16,895	-	16,895	14,266
Prepaid Expenses and Deposits	211,947	-	211,947	117,578
Property and Equipment, Net	3,235,972	-	3,235,972	3,391,855
Total Assets	<u>\$ 6,885,904</u>	<u>\$ 721,917</u>	<u>\$ 7,607,821</u>	<u>\$ 7,680,930</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Expenses	\$ 742,266	\$ -	\$ 742,266	\$ 323,436
Deferred Revenue	28,470	-	28,470	169,043
Advanced Receipts on Conditional Contributions	-	-	-	1,107,225
Note Payable	2,000,101	-	2,000,101	2,095,523
Loan Payable	478,932	-	478,932	491,082
Total Liabilities	<u>3,249,769</u>	<u>-</u>	<u>3,249,769</u>	<u>4,186,309</u>
<b>Net Assets</b>				
Without Donor Restrictions	3,636,135	-	3,636,135	3,026,159
With Donor Restrictions	-	721,917	721,917	468,462
Total Net Assets	<u>3,636,135</u>	<u>721,917</u>	<u>4,358,052</u>	<u>3,494,621</u>
Total Liabilities and Net Assets	<u>\$ 6,885,904</u>	<u>\$ 721,917</u>	<u>\$ 7,607,821</u>	<u>\$ 7,680,930</u>

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

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**  
**(WITH SUMMARIZED TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
<b><u>Support and Revenue</u></b>				
Conference Fees	\$ 4,874,650	\$ -	\$ 4,874,650	\$ 2,062,748
Grants and Contributions	107,732	620,000	727,732	109,300
Government Grant	2,207,653	-	2,207,653	3,116,583
Membership Dues	80,485	-	80,485	58,159
Program Income	1,656,666	-	1,656,666	1,051,147
In-Kind Contributions	75,185	-	75,185	-
Publications and Promotional Sales	32,491	-	32,491	1,436
Investment Income	41,600	-	41,600	2,477
Other Income	577	-	577	-
Net Assets Released From Restrictions	366,545	(366,545)	-	-
Total Support and Revenue	<u>9,443,584</u>	<u>253,455</u>	<u>9,697,039</u>	<u>6,401,850</u>
<b><u>Expenses</u></b>				
Program Services	7,562,773	-	7,562,773	5,277,386
Supporting Services:				
Management and General	1,228,675	-	1,228,675	941,870
Fundraising	42,160	-	42,160	33,270
Total Expenses	<u>8,833,608</u>	<u>-</u>	<u>8,833,608</u>	<u>6,252,526</u>
<b>Increase in Net Assets</b>	609,976	253,455	863,431	149,324
Net Assets at Beginning of Year	<u>3,026,159</u>	<u>468,462</u>	<u>3,494,621</u>	<u>3,345,297</u>
<b>Net Assets at End of Year</b>	<u>\$ 3,636,135</u>	<u>\$ 721,917</u>	<u>\$ 4,358,052</u>	<u>\$ 3,494,621</u>

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



**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**  
**(WITH SUMMARIZED TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022)**

	Program Services								Supporting Services		Total		
	State Grants	Federal Grants	Membership	Annual Conference	Para-Educators and Parents Conference	Professional Development Services	Advocacy/Legislative	Other Program Services	Subtotal Program Services	General and Administration	Fundraising	2023	2022
	<b>Salaries Wages and Benefits:</b>												
Salaries and Wages	\$ 582,181	\$ 257,196	\$ 8,227	\$ 806,973	\$ 17,506	\$ 494,909	\$ 28,603	\$ 612,967	\$ 2,808,562	\$ 417,949	\$ 33,482	\$ 3,259,993	\$ 2,685,214
Payroll Taxes	51,860	22,939	822	75,326	1,750	43,731	2,859	54,840	254,127	39,274	3,346	296,747	256,294
Employee Benefits	42,994	18,860	637	61,086	1,355	36,981	2,214	45,318	209,445	29,349	2,591	241,385	197,019
Total Personnel Expenses	<u>677,035</u>	<u>298,995</u>	<u>9,686</u>	<u>943,385</u>	<u>20,611</u>	<u>575,621</u>	<u>33,676</u>	<u>713,125</u>	<u>3,272,134</u>	<u>486,572</u>	<u>39,419</u>	<u>3,798,125</u>	<u>3,138,527</u>
<b>Other Operations:</b>													
Temporary Help	-	-	-	8,541	-	-	-	(296)	8,245	-	-	8,245	325
Food Catering Services	-	-	-	436,919	380,706	-	-	-	817,625	11,543	-	829,168	2,783
Travel, Meals, and Lodging	45,957	29,692	292	210,524	42,843	76,213	453	28,323	434,297	219,381	-	653,678	82,828
Professional Fees	-	-	-	-	-	-	-	-	-	24,084	-	24,084	22,680
Facility Rental	-	-	-	147,072	-	-	-	-	147,072	-	-	147,072	-
Office & Activity Supplies	4,201	1,056	721	54,195	9,663	399	139	1,950	72,324	30,408	-	102,732	154,086
Other Professional Expenses	-	-	-	179,659	39,171	-	-	-	218,830	45,667	-	264,497	-
Reprographics, Printing and Copies	95	165	33,469	31,532	1,296	227	-	442	67,226	5,155	-	72,381	23,415
Telephone	1,138	339	-	594	-	908	-	1,150	4,129	46,074	-	50,203	66,236
Speaker Fees and Travel	-	-	-	78,756	12,068	-	-	-	90,824	-	-	90,824	30,099
Depreciation	-	-	394	38,656	559	23,708	1,370	35,789	100,476	53,803	1,604	155,883	155,884
Bank Fees and Charges	-	-	-	888	3,119	727	-	-	4,734	71,644	-	76,378	41,062
Scholarships	-	-	3,106	4,000	10,000	-	-	2,960	20,066	-	-	20,066	14,765
Postage and Mailing	94	73	723	9,543	230	673	-	20	11,356	7,475	-	18,831	11,297
Interest Expense	-	-	279	27,393	396	16,800	971	25,362	71,201	38,127	1,137	110,465	126,336
Office Building Operating Expenses	-	1,893	-	29,168	3,313	320	-	1,384	36,078	107,295	-	143,373	89,935
Cost of Goods Sold	-	-	-	-	38,524	-	-	-	38,524	-	-	38,524	516
Insurance, Taxes, and Licenses	142	64	-	-	1,378	-	-	323	1,907	31,468	-	33,375	29,465
Awards and Gifts	2,342	943	544	8,764	4,911	-	-	1,388	18,892	9,816	-	28,708	33,087
Dues and Subscriptions	30	-	1,735	1,710	-	649	-	499	4,623	8,182	-	12,805	3,781
Conference Music Show	-	-	-	9,640	250	-	-	-	9,890	-	-	9,890	1,700
Consultant Reimbursements	-	-	-	-	994	1,960	2,240	-	5,194	1,306	-	6,500	29
Outside Services	34,568	239,514	-	311,466	54,178	214	152,000	2,466	794,406	234,661	-	1,029,067	710,874
Seminars and Education	201,326	9,270	-	8,211	85	1,363	-	40,799	261,054	6,460	-	267,514	186,673
Chapter Rebates	-	-	8,594	-	-	-	-	-	8,594	-	-	8,594	6,834
Advertising and Promotions	-	-	-	14,000	3	96	-	-	14,099	2,100	-	16,199	2,521
Subcontracts	814,760	-	-	-	-	-	-	-	814,760	-	-	814,760	1,268,720
Indirect Costs	142,801	41,203	-	-	-	-	-	30,009	214,013	(214,013)	-	-	-
Donations and Contributions	-	-	-	-	-	-	-	200	200	1,467	-	1,667	-
Total Other Operations	<u>1,247,454</u>	<u>324,212</u>	<u>49,857</u>	<u>1,611,231</u>	<u>603,687</u>	<u>124,257</u>	<u>157,173</u>	<u>172,768</u>	<u>4,290,639</u>	<u>742,103</u>	<u>2,741</u>	<u>5,035,483</u>	<u>3,113,999</u>
Total Expenses	<u>\$ 1,924,489</u>	<u>\$ 623,207</u>	<u>\$ 59,543</u>	<u>\$ 2,554,616</u>	<u>\$ 624,298</u>	<u>\$ 699,878</u>	<u>\$ 190,849</u>	<u>\$ 885,893</u>	<u>\$ 7,562,773</u>	<u>\$ 1,228,675</u>	<u>\$ 42,160</u>	<u>\$ 8,833,608</u>	<u>\$ 6,252,526</u>

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



**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>Cash Flows from Operating Activities:</b>		
Increase in Net Assets	\$ 863,431	\$ 149,324
Adjustment to Reconcile Change in Net Assets to Net Cash Used In Operating Activities		
Depreciation	155,883	155,884
Forgiveness of PPP Loan	-	(399,777)
Reinvested Interest and Dividends	(40,889)	
Realized and Unrealized Gain on Investments	1,122	(1,503)
Changes in:		
Accounts Receivable	(463,384)	(47,967)
Pledges Receivable	(300,000)	350,000
Prepaid Expenses and Other Assets	(94,369)	(51,775)
Inventory	(2,629)	-
Accounts Payable and Accrued Expenses	418,830	35,388
Deferred Revenue	(140,573)	165,474
Advances on Conditional Contributions	(1,107,225)	(450,707)
Net Cash Used In Operating Activities	(709,803)	(95,659)
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments	(1,882,000)	-
Proceeds from Sale and Maturity of Investments	1,280,268	-
Net Cash Used In Investing Activities	(601,732)	-
<b>Cash flows from Financing Activities:</b>		
Principal Payment of Loans and Notes Payable	(107,572)	(95,974)
Net Decrease in Cash	(1,419,107)	(191,633)
Cash at Beginning of Year	2,375,792	2,567,425
Cash at End of Year	\$ 956,685	\$2,375,792

*Cash paid for interest during the years ended June 30, 2023 and 2022 was \$110,465 and \$26,338, respectively.*

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

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1 – Organization**

The California Association for Bilingual Education (“CABE” or the “Organization”) is a not-for-profit organization base in Walnut, California that was incorporated in 1976 to promote bilingual education, educational equity, and quality educational experiences for all students in California. CABE has chapters, members, and affiliates, along with partnerships with other state and national advocacy organizations working to promote equity and student achievement for students with diverse cultural, racial, and linguistic backgrounds. CABE recognizes and honors the fact that we live in a rich multicultural, global society and that respect for diversity makes us a stronger state and nation.

CABE’s vision is “Biliteracy, Multicultural Competency, and Educational Equity for All”.

To support this central vision of biliteracy, multicultural competency, educational equity for all students, CABE implements priorities, initiatives, and services targeted to teachers, administrators, parents/families, students, community members, and others designed to dramatically increase California’s capacity to create culturally diverse and competent 21st century learning environments of high intellectual performance for all English learner/Multilingual learner students and to graduate all students college-career-and 21st-century-ready and prepared to live their lives to their fullest potential.

CABE is a statewide advocacy organization with members and chapters and affiliates across the state who firmly believe that all students have the right to be bilingual. CABE focusses on the needs of the 1.1 million English Learners/Multilingual Learners in the state of California. Learning bilingually accelerates and sustains academic progress while ensuring that English Learners attain high standards as they prepare to be 21st Century citizens. As an organization, CABE supports ongoing research, planning, and learning to guide its vision and mission for equitable instructional programs and practices. CABE works with other partners to influence program development and policy through the advocacy and legislative process.

In promoting these ideals, CABE has established the following programs:

- Professional Development Conferences, Institutes, and Professional Learning Services – CABE is the premier organization for professional development of the education of English Learners/Multilingual Learners in California. The CABE professional development program includes regional conferences and an annual statewide conference along with a vast network of professional development and coaching in school districts across California. These professional learning services are targeted for educators, parents, and other community members.
- Family and Community Engagement Program (FACE) – The goal CABE’s Family and Community Engagement Program is to provide high-quality education, resources, and professional and leadership development to engage parents, families, and communities in the success of their students’ education. CABE’s FACE program includes outreach and services to parents and families of California’s most diverse students, including those of diverse language and cultural backgrounds, low-income, immigrant, minority, and multilingual/multicultural students.

The fiscal years ending June 30, 2020 through 2023 have continued to be impacted by COVID-19, moving the CABE team to offer both remote/virtual and in-person services. We have adapted and adjusted our programming and professional learning options and continue to provide trainings and program delivery very successfully both in person and using online platforms such as Zoom, Team, Google Classrooms, Teams, etc. deepening on the need and requests of our clients. Our CABE 2023 annual conference (March 2023) was held in person for the first time since 2019 with over 6,000 attendees.

We have become very successful in the delivery of both in-person and virtual professional learning and trainings to support educators, parents and students. We will continue this approach in the 2023-24 program year as we seek to address the needs of educators and parents and families across the state.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**Note 1 – Organization (Continued)**

CABE has one affiliated not-for-profit entity operating under CABE’s license, California Association of Bilingual Teachers Educators (“CABTE”) – This affiliate, whose members are professors at universities across the state, prepares bilingual teachers to work with diverse background students, especially English Learners.

CABE and its affiliates are primarily supported by income received from conferences, contracts for services, grants, and meetings. The affiliated entity has minimal assets and activities during the fiscal year ended June 30, 2022. In addition, CABE has 22 statewide chapters. These chapters also have minimal assets and activities during the fiscal year ended June 30, 2023. Accordingly, neither the affiliate nor the state chapters are consolidated into these financial statements for the fiscal year ended June 30, 2023.

**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 recorded in the accounting period in which they were pledged or received and reported as increases in net assets without donor restrictions, unless there are donor-imposed purposes and/or time restrictions on the gifted assets. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted explicit donor stipulation or by law.

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 same reporting period.

**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 the allowance for doubtful accounts applied to accounts and contributions receivable and the useful lives of fixed assets and their related depreciation method, and allocations of indirect costs on the statement of functional expenses.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Cash**

Cash consists 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.

**Accounts and Contributions Receivable**

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. 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.

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 as 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.

**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 |

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Concentrations of Credit Risk**

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 FDIC limits, however management does not believe such overages represent a significant credit risk.

**Inventory**

Inventories consist of published books, tapes, compact discs and other promotional items held for sale to the Organization’s members or to the general public. Inventory is stated at the lower of cost or net realizable value. Cost is determined using a the first in first out (“FIFO”) method. Inventory reserves are recorded for inventory items that have become excess or obsolete, are no longer saleable, or for which the carrying cost is less than current market prices.

**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 \$5,000 and the useful life is greater than one year. The property and equipment comprised primarily of computer equipment which is depreciate over three years.

Buildings	10 to 27.5 Years
Building Improvements	5 to 10 Years
Furniture, Fixtures and Equipment	3 to 10 Years
Software	3 to 5 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 June 30, 2023.

**Revenue Recognition**

*Donor Contributions*

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.

*Conference Fees*

Conference fees are generally recognized in the period the conference is held. Conference fees received in advance are recorded as part of deferred income in the statement of financial position.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Membership Dues

Membership dues are considered to be contributions without donor restrictions, as the only significant financial benefit to membership is a small reduction in the price of the annual conference if the member chooses to attend.

Publications and Promotional Sales

Publication and promotional sales are measured at the fair value of the consideration received or receivable net of sales tax, trade discounts, and customer returns.

In-Kind Contributions

Contributions of non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or the 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 their fair values in the period received.

Cost-Reimbursable Grants

Revenue from cost reimbursable grants is recorded to the extent that the expense that is incurred is applicable to the grant. Any difference between expenses incurred and the total funds received (not to exceed the grant maximum) is recorded as a payable, receivable, or advanced receipts on conditional contributions, or deferred revenue as appropriate under Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

**Functional Allocation of Expenses**

The functional allocation of expenses shared between programs, management and general, and fundraising is based on a reasonable and consistent basis using factors such as direct payroll allocation, square footage, full-time equivalents within each program, and total direct expenses.

**Credit Concentration**

Financial instruments that potentially subject the Organization to concentration of credit risk are cash and certificates of deposits that are held by recognized financial institutions. At times held amounts may exceed FDIC insurance limits.

**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 June 30, 2023.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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 2019.

**Recent Accounting Pronouncements**

*Financial Instruments – Credit Losses (“CECL”)*

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (“CECL”), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU.

The CECL Methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP.

The standard is effective for the Organization’s fiscal year ended June 30, 2024. The Organization is currently evaluating the effects of the adoption of this ASU and its various updates to its financial statements.

In-Kind Contributions

In September 2020, The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets, also referred to as in-kind gifts or services, with an intention to provide the reader of the financial statements a clearer understanding of what types of nonfinancial assets were received and how they are used and recognized in a given year by not-for-profit organizations.

ASU 2020-07 does not affect the current standard regarding the accounting and recognition of nonfinancial assets, but rather enhances the requirements for proper presentation and disclosure in a reporting entity’s financial statements. The Organization has implemented the standard in the current year and the resulting enhanced disclosures of gifts in kind received and used during the year are described in Note 7.

**Note 3 – Contributions and Accounts Receivable**

There is one contribution receivable at June 30, 2023 for \$300,000. The Organization’s accounts receivable of \$1,156,059 are derived from exchange contracts or other grants that are awarded on a cost-reimbursement basis. All are deemed to be fully collectible.

**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 Organization’s investments are in cash and cash equivalents and one long-term certificate of deposit.



**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 4 – Investments (Continued)**

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 per the ASC 820 fair value hierarchy levels as of June 30, 2023:

	Level I	Level II	Total
Cash and Equivalents	\$ 509,412	\$ -	\$ 509,412
Certificates of Deposit	-	1,220,851	1,220,851
Total Investments	<u>\$ 509,412</u>	<u>\$ 1,220,851</u>	<u>\$ 1,730,263</u>

The Organization did not have any Level III assets during the year.

**Note 5 – Property and Equipment**

Property and equipment at June 30, 2023 consists of land, building and building improvements as shown in the schedule below:

Land	\$ 509,144
Building	3,359,772
Building Improvements	214,922
Total	<u>4,083,838</u>
Less: Accumulated Depreciation	<u>(847,866)</u>
Property and Equipment, net	<u>\$ 3,235,972</u>

Depreciation expense totaled \$155,883 for the year ended June 30, 2023.

**Note 6 – Note Payable and U.S. Government Loan**

The Organization has one note payable for the mortgage applicable to the land and building and one loan obtained through the U.S. Government via Bank of the West (now known as “BMO”) as of June 30, 2023 which are described below:

Note Payable

In November 2017, CABE entered into a promissory note agreement with Bank of the West with principal amount of \$2,486,000 maturing in November 2037. The note carries a 4.66% fixed rate of interest. The loan is amortized through equal monthly payments over the term. The loan is secured with the deed to the Organization’s main offices located in Walnut, California along with other pledged assets. The balance of the note at June 30, 2023 is \$2,000,101.

U.S. Government Economic Injury Disaster Loan Program

On April 17, 2020, CABE borrowed and entered loan agreement, in the amount of \$500,000, with U.S. Government’s Small Business Administration (SBA) under SBA's Economic Injury Disaster Loan (“EIDL”) program. This loan bears an interest rate of 2.75% per annum. Installment payments, including principal and interest of \$2,136 monthly began on April 17, 2021 which is twelve months after the date of the note. The balance of principal and interest will be payable thirty years from the date of the promissory note. This loan is secured by CABE's assets to the extent they have not otherwise been pledged for the note payable. The balance of the loan at June 30, 2023 is \$478,932.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 6 – Note Payable and U.S. Government Loan (Continued)**

Fiscal Year Ending June 30,	Note	EIDL Loan	Total
2024	\$ 100,007	\$ 12,888	\$ 112,895
2025	104,836	13,247	118,083
2026	109,898	13,616	123,514
2027	115,204	13,995	129,199
2028	120,767	14,385	135,152
Thereafter	1,449,389	410,801	1,860,190
Total	<u>\$ 2,000,101</u>	<u>\$ 478,932</u>	<u>\$ 2,479,033</u>

**Note 7 - In-Kind Gifts**

The Organization received various in-kind contributions during the year which are summarized below. All items are valued at fair value based on reasonable estimates that are either provided by the donors and validated by management or estimated by management.

In Kind Gifts and Services Received	Area of Utilization	Donor restriction	Valuation Technique and Inputs	Amount Received
Convention Center Rent	Conference	None, used in operations	FMV Based on Convention Contract Terms	\$ 20,000
Wireless Interpretation System	Program	None, used in operations	FMV Based on Donor Stated Value	15,000
Video Filming, Editing and Marketing	Program	None, used in operations	FMV Based on Donor Stated Value	31,000
Books	Program	None, used in operations	FMV Based on Donor Stated Value	7,475
Language Learning App Subscriptions	Program	None, used in operations	FMV Based on Subscription Cost	1,710
Total				<u>\$ 75,185</u>

**Note 8 – Net Assets with Donor Restrictions and Board Designations**

Net assets with temporarily restricted donor restrictions were comprised of the following at June 30, 2023:

Sobrato Family Foundation	\$ 661,900
Penichet Scholarships	60,017
Total Net Assets With Temporary Restrictions	<u>\$ 721,917</u>

All amounts are for purpose restrictions, however \$300,000 of the Sobrato Family Foundation amount is also restricted for time as it is a pledge receivable scheduled for collection in the fiscal year ended June 30, 2022. In addition to the donor restrictions noted above, the Organization receives royalties for the sales of certain books, for which the board has designated their use for future scholarships. Current year royalties received from the sale of books totaled \$1,450 and the total amount designated at June 30, 2023 is \$746.

**Note 9 – Lease**

The Organization leases two copier/printers under an operating lease that terminates in 2025. Monthly payments on the lease are \$2,705. Minimum annual lease payments for the term of the lease are as follows:

Fiscal Year Ending June 30,	
2024	\$ 32,460
2025	10,820
Total	<u>\$ 43,280</u>

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 9 – Lease (Continued)**

The Organization expenses the lease at the time each scheduled monthly payment is made. Management has chosen not to account for the leases under the current guidance of ASC 842 *Leases*, which generally requires leases over one year in duration to be reported on as a right of use asset and corresponding lease liability on statement of financial position, with monthly payments simultaneously reducing both, the asset being reduced on a straight-line basis and the liability using effective interest over the remaining life of the lease. Management believes the difference between the current guidance as promulgated by ASC 842 and the recognition and reporting concepts used to prepare this report is not material.

**Note 10 – Retirement Plan**

The Organization has a 403(b) defined contribution plan under which eligible employees may make salary reduced tax-deferred contributions up to the statutory minimum. Employee eligibility for contributions made by the Organization is based on years of service. CABE contributes one percent of an eligible employee’s salary during the first year of service and 4% thereafter. Contributions to the plan made by the Organization are fully vested after an employee’s third year of service as defined in the plan. CABE contributed \$90,123 to the plan during the fiscal year ended June 30, 2023.

**Note 11 – Commitments and Contingencies**

The Organization has an employment agreement with an executive employee through June 30, 2026.

**Note 12 – Information About Liquidity and Net Asset Availability**

The Organization monitors liquidity required and cash flows to meet its operating needs on an annual basis. It structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CABE has various sources of liquidity at its disposal, including cash and accounts receivable and investments. Furthermore, as discussed at notes 1 and 6, due to operational and financial challenges brought on the by the COVID-19 pandemic over the prior three years, the Organization obtained two PPP loans from the federal government, both of which have been forgiven, and one EIDL to provide necessary liquidity. The Organization also has access to a \$250,000 line of credit that could be used for any short-term cash flow necessities. The Organization does not currently have an outstanding balance on the line.

As of June 30, 2023, financial assets available for general expenditures are as follows:

Cash	\$ 956,685
Accounts and Contributions Receivable	1,456,059
Investments	<u>1,730,263</u>
Total Financial Assets at June 30, 2023	4,143,007
Less Restrictions and Board Designations:	
Contributions Restricted for Purpose	(721,917)
Board Designated Assets	<u>(746)</u>
Financial Assets Available for General Expenditures	<u>\$ 3,420,344</u>

**Note 13 – Subsequent Events**

The Organization has evaluated these financial statements for subsequent events through December 18, 2023, the day these financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in them.