

AVENIDAS

JUNE 30, 2023

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

Avenidas

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A Century Strong

Independent Auditors' Report

THE BOARD OF DIRECTORS
AVENIDAS
Palo Alto, California

Opinion

We have audited the financial statements of **AVENIDAS**, which comprise the statement of financial position as of June 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of Avenidas 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.

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 Avenidas 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 Avenidas' ability to continue as a going concern for one year from the date of this report.

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 auditors' 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 GAAS 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 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 Avenidas' 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 Avenidas' 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 Avenidas' 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 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.

Hood & Strong LLP

San Jose, California
November 22, 2023

Avenidas

Statement of Financial Position

<i>June 30, 2023 (with comparative totals for 2022)</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 1,412,023	\$ 3,178,717
Accounts receivable, net of allowance for doubtful accounts of \$5,556 for 2023 and \$12,497 for 2022	1,539,926	565,847
Contributions receivable, net		14,682
Deposits and prepaid expenses	143,372	185,235
Long-term investments, including endowment funds (Notes 4 and 5)	30,596,843	26,524,262
Property and equipment, net (Note 6)	18,732,851	19,283,670
	\$ 52,425,015	\$ 49,752,413
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other liabilities	\$ 817,203	\$ 748,737
Total liabilities	817,203	748,737
Net Assets:		
Without donor restrictions:		
Board designated - endowment funds	27,668,561	25,470,931
Board designated - Capital Asset Replacement Fund	396,423	355,631
Board designated - Ready Reserve	283,521	388,188
Board designated - Bequest Balancing Fund	23,919	398,050
Undesignated	20,328,410	20,241,218
Total without donor restrictions	48,700,834	46,854,018
With donor restrictions (Note 2 and 5)	2,906,978	2,149,658
Total net assets	51,607,812	49,003,676
	\$ 52,425,015	\$ 49,752,413

See accompanying notes to the financial statements.

Avenidas

Statement of Activities

Year ended June 30, 2023 (with comparative totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support and Revenue:				
Program fees	\$ 1,457,419		\$ 1,457,419	\$ 1,194,640
Community support	1,229,968	\$ 1,195,991	2,425,959	2,746,692
Community support released from restrictions	326,638	(326,638)	-	-
Governmental support	1,346,833	37,967	1,384,800	1,447,867
Governmental support - Employee Retention Credit refund	1,121,103		1,121,103	-
Dividends and interest	48,631		48,631	1,915
Miscellaneous	5,136		5,136	1,675
Appropriation of endowment assets for expenditure	834,204		834,204	786,168
Board-designated funds authorized for operations	668,136		668,136	623,245
Total public support and revenue before in-kind contributions	7,038,068	907,320	7,945,388	6,802,202
In-kind contributions	27,231		27,231	60,417
Total public support and revenue	7,065,299	907,320	7,972,619	6,862,619
Expenditures				
Program services	5,103,048		5,103,048	4,810,357
Support services:				
Management and general	1,422,622		1,422,622	1,222,026
Fundraising	470,259		470,259	433,588
Total expenditures	6,995,929	-	6,995,929	6,465,971
Change in Net Assets from Operating Activities	69,370	907,320	976,690	396,648
Non-Operating Net Assets Activity (Note 2k):				
Investment gain (loss) (see Note 4), net of fees	3,086,977	19,809	3,106,786	(4,207,611)
Bequests	23,000		23,000	255,000
Governmental support	150,000	(150,000)	-	150,000
Appropriation of endowment assets for expenditure	(814,395)	(19,809)	(834,204)	(786,168)
Board-designated funds authorized for operations	(668,136)		(668,136)	(623,245)
Change in Net Assets from Non-operating Activities	1,777,446	(150,000)	1,627,446	(5,212,024)
Total Change in Net Assets	1,846,816	757,320	2,604,136	(4,815,376)
Net Assets, beginning of year	46,854,018	2,149,658	49,003,676	53,819,052
Net Assets, end of year	\$ 48,700,834	\$ 2,906,978	\$ 51,607,812	\$ 49,003,676

See accompanying notes to the financial statements.

Avenidas

Statement of Functional Expenses

Year ended June 30, 2023 (with comparative totals for 2022)

	2023				2023 Total	2022 Total
	Total Program Services	Management and General	Fundraising	Total Support Services		
Expenditures:						
Salaries	\$ 2,608,711	726,895	258,249	\$ 985,144	\$ 3,593,855	\$ 3,270,218
Benefits	257,201	69,363	31,173	100,536	357,737	339,400
Payroll taxes	191,417	48,465	17,807	66,272	257,689	236,676
Professional services	325,319	312,508	66,093	378,601	703,920	630,317
Transportation	221,907			-	221,907	158,555
Depreciation and amortization	639,467	66,644	22,227	88,871	728,338	706,595
In-kind professional services	11,952	14,884		14,884	26,836	60,417
Insurance	133,663	24,288	5,596	29,884	163,547	149,270
Building maintenance	189,450	18,246	2,503	20,749	210,199	178,992
Rent	23,265			-	23,265	23,469
Advertising and marketing	45,378	47,425	1,026	48,451	93,829	105,577
Printing, copying and publications	34,755	5,751	14,531	20,282	55,037	41,833
Utilities	63,815	1,202	343	1,545	65,360	51,820
Fundraising events and mailings			19,208	19,208	19,208	18,919
Nutrition	73,220			-	73,220	60,059
Office expense	53,276	6,196	851	7,047	60,323	62,503
Computer and equipment	82,600	40,192	24,825	65,017	147,617	161,641
Travel and conference	40,472	5,668	23	5,691	46,163	45,492
Postage	4,592	900	2,544	3,444	8,036	8,517
Telephone	41,000	9,347	1,976	11,323	52,323	71,706
Bank fees	20,760	14,524	996	15,520	36,280	42,545
Dues and subscriptions	8,657	4,442	126	4,568	13,225	13,660
Volunteers	475	3,512	162	3,674	4,149	3,563
Other	31,696	2,170		2,170	33,866	24,227
	\$ 5,103,048	\$ 1,422,622	\$ 470,259	\$ 1,892,881	\$ 6,995,929	\$ 6,465,971

See accompanying notes to the financial statements.

Avenidas

Statement of Cash Flows

<i>Year ended June 30, 2023 (with comparative totals for 2022)</i>	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,604,136	\$ (4,815,376)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	728,338	706,595
Realized and unrealized (gain) loss on short and long-term investments	(2,352,639)	4,895,711
Non-operating dividends and interest reinvested	(786,497)	(841,197)
Changes in operating assets and liabilities:		
Accounts receivable	(974,079)	(272,525)
Contributions receivable	14,682	140,946
Deposits and prepaid expenses	41,863	(91,437)
Accounts payable and other accrued liabilities	68,466	(57,510)
Net cash used by operating activities	(655,730)	(334,793)
Cash Flows from Investing Activities:		
Purchases of long-term investments	(2,554,146)	(688,100)
Proceeds from sale of long-term investments	834,204	786,168
Dividends and interest reinvested	786,497	841,197
Purchase of property and equipment	(177,519)	(81,786)
Net cash (used) provided by investing activities	(1,110,964)	857,479
Net Change in Cash and Cash Equivalents	(1,766,694)	522,686
Cash and Cash Equivalents, beginning of year	3,178,717	2,656,031
Cash and Cash Equivalents, end of year	\$ 1,412,023	\$ 3,178,717

Supplemental Disclosure of Cash Flow Information and Non-cash Financing Activities:

No payments for income taxes or interest were made during 2023 and 2022.

See accompanying notes to the financial statements.

Avenidas

Notes to the Financial Statements

Note 1 - Description of the Organization:

Avenidas is a nonprofit public benefit corporation organized in 1969 under the laws of the State of California to provide support services to older adults and their caregivers. Its programs for independent seniors and caregivers include Health and Wellness, Learning and Leisure, Care Partners (social work services), Door to Door (transportation), Avenidas Village, Technology PLUS (technology engagement), Volunteer Corps, and Rainbow Collective. Other locations include: The Avenidas Rose Kleiner Center, a licensed adult day health care and adult day care center, providing day care and a set of health services to the frail and elderly and the Avenidas Chinese Community Center, promoting health, wellness, and recreation in culturally appropriate programs to a diverse senior community.

In fiscal year 2023, Avenidas served approximately 6,000 individuals through nearly 52,000 encounters. To cover the operating expenses exceeding the fees for services from participants, Avenidas receives funding from individuals, foundations, government grants and through fund-raising events.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

b. Description of Net Assets

Net Assets Without Donor Restrictions – the portion of net assets that is not restricted by donor-imposed stipulations. These net assets are intended for use by management and the Board for general operations or as designated by the Board for endowment, Capital Project, support services and other purposes.

Net Assets With Donor Restrictions – the portion of net assets that are subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Avenidas. Some donor-imposed stipulations are permanent in nature, the use of which is limited by donor-imposed stipulations that neither expire by passage of time nor can be removed by actions of Avenidas (see Note 5).

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Notes to the Financial Statements

c. Statement of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and in bank demand and money market accounts and excludes cash held in managed investment accounts. Avenidas considers dividends and interest earned from its long-term investments and included as non-operating investment income on the Statement of Activities to be investing activities for purposes of reporting cash flows.

d. Accounts Receivable

Accounts receivables are from services provided to participants at Avenidas. Receivables are stated at the amount management expects to collect from outstanding balances. Avenidas provides for losses on receivables using the allowance method, based on experience.

e. Investments and Fair Value Measurements

Avenidas reports its investments in marketable debt, equity securities and alternative investments at their fair value. Investment earnings, including realized and unrealized gains and losses, are recorded in the Statement of Activities. Avenidas records revenue generated from investments net of management fees.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Avenidas classifies its financial assets and liabilities based on a valuation method using three levels:

Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, Avenidas performs an analysis of the assets and liabilities that are subject to fair value measurement.

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Notes to the Financial Statements

f. Endowments

Interpretation of Relevant Law - The Board of Directors of Avenidas has interpreted California's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Avenidas classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Avenidas utilizes the accumulated earnings when those amounts are appropriated for expenditure by Avenidas in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Avenidas considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of Avenidas and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Avenidas
- (7) The investment policies of Avenidas

Return Objectives and Risk Parameters – Avenidas' Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Avenidas must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a variety of standard indices while assuming a moderate level of investment risk. Avenidas expects its endowment funds to produce a net average annual total return, over the long term, equal to the change in the Consumer Price Index plus 3.3 percent. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, Avenidas relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Avenidas targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Avenidas

Notes to the Financial Statements

Spending Policy and How the Investment Objectives Relate to Spending Policy – Avenidas has a policy of appropriating for distribution each year 3% of its endowment fund’s average fair value measured based on the average value of the endowment assets over the last 12 quarters ended December 31, adjusted for any new contributions. In establishing and updating this policy as of July 1, 2021, Avenidas considered the long-term expected return on its endowment. This policy is consistent with Avenidas’ dual investment objectives for the endowment assets to provide consistent, predictable cash flows to assist Avenidas in effectively delivering its programs, and to preserve the inflation-adjusted value of the endowment.

g. Property and Equipment

Property and equipment purchased for \$5,000 or more are capitalized and recorded at cost. Donated property and equipment with a value of at least \$5,000 are recorded at estimated fair value at the date of receipt.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of three to seven years for furniture and equipment. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvement, generally 10 – 40 years. Property and equipment is not depreciated until it is placed in service.

h. Revenue Recognition

Avenidas performs an analysis of each grant and contract to determine if it should be accounted for as a contribution or as a contract with a customer. If the award is determined to be a contribution, it is recognized as described in the following paragraph. If the award is determined to be a contract with a customer, the award is recognized either as qualifying expenditures are incurred, in the case of a cost reimbursement award, or as the units of service are provided.

Contributions and promises to give are recorded at their fair value and are recognized as revenue when the donor makes an unconditional promise to give to Avenidas. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. If a restriction expires in the same year the donation is received, the donation is recorded as without donor restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as community support released from restrictions.

Revenue from program fees are recognized when the services are rendered.

Contributions receivable that are expected to be collected after one year are recorded at net realizable value using a discount rate of 1%. Uncollected pledges are estimated by management using the allowance method at a rate of approximately 3%.

Avenidas

Notes to the Financial Statements

i. Income Taxes

Avenidas is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service Code and Section 23701(d) of the State of California Revenue and Taxation Code. In addition, Avenidas 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.

Management has concluded that Avenidas has taken no uncertain tax positions that would require adjustment to the financial statements to comply with provisions of this guidance.

j. Contributed Services

Avenidas recognizes contribution revenue for contributed services which enhance non-financial assets or which require specialized skills that Avenidas would need to purchase if not donated. The value of these contributed services was approximately \$27,000 and was determined based on comparable rates for similar services. Contributed services expense are allocated to the functional area benefited and presented on the Statement of Functional Expenses.

Volunteers provide essential services through Avenidas' programs to others in the community and support the work of Avenidas staff. No amounts have been recorded for these donated services since they do not meet the criteria noted above, however, these volunteers contributed approximately 8,600 hours to Avenidas during the year ended June 30, 2023, the value of which is estimated to be about \$320,000, based on the Independent Sector calculation for the state of California.

The Pandemic continues to affect the scope of volunteer services Avenidas provides. Although the number of volunteers for the year ended June 30, 2023 is similar to the typical pre-Pandemic total (approximately 300 individuals), the total number of hours those volunteers delivered still lags pre-Pandemic numbers.

k. Transfers from Non-Operating Activities to Operating Activities

Avenidas classifies its Statement of Activities into operating and non-operating activities. Non-operating activities include amounts which, due to their nonrecurring or variable nature, are not considered by management as part of operations. Specific items include (a) long-term investment income and net gains (losses); (b) bequests; and (c) contributions associated with capital projects. Certain transfers of funds, including the Board-authorized payout from the endowment and other reserves, are shown as reductions to non-operating activities with corresponding increases to operating activities. Transfers from non-operating activities to operating activities have no effect on the change in net assets.

Avenidas

Notes to the Financial Statements

l. Allocation of Expenses

Certain costs are charged directly to the applicable program or services. Costs that could not be charged directly to program or services were allocated as follows:

- Salaries, benefits and payroll taxes – direct time reporting
- Insurance, postage, telephone, printing, copying and publications, computers and equipment, office expense, depreciation – headcount
- Building maintenance, utilities, amortization – square footage

m. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

n. Comparative Financial 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 U.S. GAAP. Accordingly, such information should be read in conjunction with Avenidas' financial statements for the year ended June 30, 2022 from which the summarized information was derived.

o. Reclassifications

Certain reclassifications have been made to the 2022 financial statements in order to conform to the 2023 presentation. These reclassifications had no impact on net assets or the change in net assets.

p. Subsequent Events

Avenidas has evaluated subsequent events from June 30, 2023 through November 22, 2023, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Avenidas

Notes to the Financial Statements

Note 3 - Liquidity and Availability of Resources:

Avenidas' financial assets at June 30, 2023 and 2022 available to meet general expenditures over the next twelve months were as follows:

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 1,412,023	\$ 3,178,717
Accounts receivable, net of allowance for doubtful accounts	1,539,926	565,847
Contributions receivable, net		14,682
Expected annual appropriation of endowment earnings	835,340	834,205
	<hr/>	<hr/>
	3,787,289	4,593,451
Less amounts not available to be used for general expenditure:		
Long-term contributions receivables, net		(12,928)
Net assets with donor restrictions – purpose restrictions	(2,175,118)	(1,451,959)
Board designated – Ready Reserve	(283,521)	(388,188)
Board designated - Bequest Balancing Fund	(23,919)	(398,050)
	<hr/>	<hr/>
Financial assets available to meet general expenditures over the next twelve months	\$ 1,304,731	\$ 2,342,326

Additionally, Avenidas' long-term investments include amounts designated by the Board of Directors to function as an endowment, in the amount of \$27,668,560. Although Avenidas does not anticipate such an action, the Board of Directors could make available all or a portion of these funds to cover any liquidity shortfalls.

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Notes to the Financial Statements

Note 4 - Investments:

Investments at June 30 consisted of:

	Professionally Managed	Internally Managed	Total	2022
Cash	\$ 18,871	\$	\$ 18,871	\$ 20,305
Domestic fixed income funds	7,889,820	1,834,161	9,723,981	7,784,303
Alternative investments	1,784,811		1,784,811	1,850,971
Domestic equity funds	11,889,501		11,889,501	10,445,387
Foreign equity fund				
– developed markets	5,762,626		5,762,626	5,196,569
Foreign equity fund				
– emerging markets	1,417,053		1,417,053	1,226,727
Total investments	\$ 28,762,682	\$ 1,834,161	\$ 30,596,843	\$ 26,524,262

The professionally managed funds are subject to the guidelines of an investment policy approved by the Board of Directors and overseen by an Investment Committee. The internally managed funds are invested in short-duration US Treasury funds. The assets are distributed on an annual basis to cover operating expenses of the Avenidas Chinese Community Center (ACCC) and pursuant to the donor's restrictions.

The fair value of all investments, except for alternative investments, is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. These investments are classified as Level 1 measurements, according to the fair value hierarchy discussed in Note 2e.

Avenidas uses the net asset value per share for its alternative investments as a practical expedient to approximate fair value. At June 30, 2023, alternative investments consisted of three investments in limited partnerships, with a fixed income strategy. One of these funds, in the amount of \$1,690,176, had no unfunded commitments as of June 30, 2023. This Fund allows for monthly redemptions with aggregate fund redemptions limited to 2% of Net Asset Value (NAV) per month and to 5% of NAV per calendar quarter. The two other funds do not have any unfunded commitments and redemptions are permitted quarterly for one of the funds and are not permitted for the other fund.

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Notes to the Financial Statements

Note 5 - Donor-Restricted and Board-Designated Funds:

Donor-restricted and Board-designated funds, at June 30, were as follows:

	Investments	Included in Cash	Total	2022
<i>Donor-Restricted</i>				
Avenidas Chinese Community Center	\$ 1,834,161	\$ 21,635	\$ 1,855,796	\$ 996,103
Endowment – donor restricted portion*	697,699		697,699	697,699
Avenidas Village		207,237	207,237	175,994
Avenidas Rose Kleiner Center		48,750	48,750	48,750
Avenidas Rainbow Collective		37,968	37,968	
Other restricted funds		59,528	59,528	231,112
Total donor-restricted	2,531,860	375,118	2,906,978	2,149,658
<i>Board-designated Funds</i>				
Endowment – Board-designated funds	27,668,560		27,668,560	25,470,931
Ready Reserve Fund		283,521	283,521	388,188
Bequest Balancing Fund		23,919	23,919	398,050
Capital Asset Replacement Fund	396,423		396,423	355,631
Total Board-designated Funds	28,064,983	307,440	28,372,423	26,612,800
Total	\$ 30,596,843	\$ 682,558	\$ 31,279,401	\$ 28,762,458

* Donor-restricted endowment gifts consist of funds from four separate donors. The income from these funds supports general operations, facility repairs and Avenidas' programs, as directed by the respective donors.

Avenidas

Notes to the Financial Statements

Net assets with donor restrictions were released as follows during the years ended June 30:

	2023	2022
Avenidas Chinese Community Center	\$ 174,468	\$ 135,630
Governmental Support restricted for 2023	150,000	
Avenidas Village	51,816	18,973
Avenidas Rose Kleiner Center	48,750	
Center programs	36,755	22,667
Other programs	34,658	31,637
	\$ 496,447	\$ 208,907

Avenidas' endowment consists of both donor-restricted funds and funds designated by the Board of Directors to function as endowments. The purpose of the Board-designated endowment is to fund operations by providing an annual distribution of 3% of the immediate past twelve quarter average rolling value of these investments.

The endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions as follows at June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 25,470,931	\$ 697,699	\$ 26,168,630
Investment return:			
Investment income	723,159	19,809	742,968
Management fees	(57,410)		(57,410)
Net appreciation (realized and unrealized)	2,346,275		2,346,275
Total investment gain	3,012,024	19,809	3,031,833
Appropriation of endowment assets for expenditure	(814,395)	(19,809)	(834,204)
Endowment net assets, end of year	\$ 27,668,560	\$ 697,699	\$ 28,366,259

In addition to the net investment income above, the Capital Asset Replacement Fund (CARF) had a total gain of \$74,953, for a total investment gain of 3,106,786.

Avenidas

Notes to the Financial Statements

Note 6 - Property and Equipment:

Property and equipment was comprised of the following at June 30:

	2023	2022
Avenidas Rose Kleiner facility	\$ 4,095,791	\$ 3,917,991
Bryant Center expansion	17,853,375	17,853,375
Equipment	776,137	787,315
Furniture	703,785	703,785
	<hr/>	<hr/>
	23,429,088	23,262,466
Less accumulated depreciation and amortization	(4,696,237)	(3,978,796)
	<hr/>	<hr/>
	\$ 18,732,851	\$ 19,283,670

Note 7 - Commitments:

a. Benefit Plan

Avenidas has a 403(b) tax-deferred retirement plan for the benefit of employees who are employed a minimum of 20 hours per week. Avenidas contributed 3% of each eligible employee's monthly pay for the years ended June 30, 2023 and 2022, respectively. Avenidas contributed \$93,149 and \$84,038 to the plan as of June 30, 2023 and 2022, respectively.

b. Facilities Lease Agreements

The 450 Bryant Street building is leased to Avenidas from the City of Palo Alto until 2065 at a rental of \$1 per year. The lease was renegotiated during fiscal year 2015 and commenced on January 1, 2015. The lease stipulates that Avenidas has use of the facility for the purpose of providing support services to older adults and their caregivers and for certain activities that support its operation and that the facility may not be used for any other purposes without the City's prior written consent, which consent may be withheld in the sole and absolute discretion of the City. The lease states that the City provides utilities to the facility, with Avenidas responsible for paying 25% of the cost of such utilities. Avenidas considers the lease arrangement with the City of Palo Alto as an exchange transaction and has not recorded any donation revenue associated with the lease.

Avenidas leases space at Cubberley Community Center from the City of Palo Alto on a month-to-month basis. Avenidas expects to occupy the space at least through June 2025.

Avenidas

Notes to the Financial Statements

The future minimum lease payments under the above lease are approximately as follows:

Year Ending June 30,		
2024	\$	23,963
2025		24,682
<hr/>		
Total	\$	48,645

The land on which the Avenidas Rose Kleiner facility is built at 270 Escuela Avenue, Mountain View, California, is leased from the City of Mountain View until 2055 through a ground lease. Avenidas has an option to renew the lease for an additional ten years. Avenidas is not required to make cash payments in exchange for the lease, provided Avenidas meets certain criteria set forth in the lease which include, but are not limited to, providing services to residents of Mountain View. During 2023, Avenidas met the required criteria. Avenidas considers the lease arrangement with the City of Mountain View as an exchange transaction and has not recorded any donation revenue associated with the lease.

Note 8 - Concentrations of Risk:

Concentrations of Credit Risk

Financial instruments which potentially subject Avenidas to a concentration of credit risk consisted of cash and cash equivalents, contributions and accounts receivable and investments. Avenidas maintains its cash accounts at three financial institutions. Cash balances at these financial institutions may, from time to time, exceed Federal Deposit Insurance Corporation insurable limits.

Accounts receivables are due from various individuals, insurance companies and government agencies which mitigates the risk associated therein. An allowance for doubtful accounts is also maintained as discussed in Note 2d. Contributions receivables are due from various individuals. Investments are subject to a formal investment policy.

Major Donors

Avenidas received a donation in the amount of \$1,000,000 from one donor, included in community support on the Statement of Activities. This donation represented approximately 41% of the total community support for the year ended June 30, 2023. Avenidas may have major donors on an annual basis but does not believe it is dependent on any one donor on a long-term basis.

Avenidas

Notes to the Financial Statements

Note 9 - Impact of the COVID-19 Pandemic on Operations:

All three Avenidas centers were open for in-person services during the year ended June 30, 2023. Cubberley Community Center location formally reopened mid-year and continues to offer many hybrid offerings due to the preference of the community. The Mountain View location was closed during two separate time periods, once in July 2022 and again in June 2023 due to COVID-19 outbreaks. Many older adults continue to be cautious regarding a return to in-person services and many like the option of having programs from home. Remote services that continue, for many Avenidas programs, include on-line classes and lectures, phone calls, grocery shopping, and caregiver support.