
WORKSAFE, INC.

FINANCIAL STATEMENTS

June 30, 2018

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

WORKSAFE, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Worksafe, Inc.
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Worksafe, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Worksafe, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Worksafe, Inc.'s June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Croody & Lameda CPAs LLP

Oakland, California

November 29, 2018

WORKSAFE, INC.

Statement of Financial Position
June 30, 2018
(With Comparative Totals as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash	\$ 410,539	\$ 288,185
Certificates of deposit	110,834	110,797
Accounts receivable	11,982	311
Pledges and grants receivable	-	114,234
Prepaid expenses	39,165	71,661
Total Current Assets	<u>572,520</u>	<u>585,188</u>
Property and equipment, net (Note 3)	2,369	-
Deposits	<u>3,829</u>	<u>3,849</u>
Total Assets	<u>\$ 578,718</u>	<u>\$ 589,037</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 32,701	\$ 20,452
Accrued vacation	13,607	15,712
Total Liabilities	<u>46,308</u>	<u>36,164</u>
Contingencies (Note 4)		
Net assets		
Unrestricted	293,625	278,868
Temporarily restricted (Note 5)	<u>238,785</u>	<u>274,005</u>
Total Net Assets	<u>532,410</u>	<u>552,873</u>
Total Liabilities and Net Assets	<u>\$ 578,718</u>	<u>\$ 589,037</u>

See Notes to the Financial Statements

WORKSAFE, INC.

**Statement of Activities
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

	Unrestricted	Temporarily Restricted	Total	
			2018	2017
Support and Revenue				
Foundation and community grants	\$ 112,077	\$ 517,314	\$ 629,391	\$ 590,777
Contributions	70,834		70,834	33,749
Cy pres awards	11,628		11,628	-
Special event, net (Note 7)	50,806		50,806	55,692
In kind support	1,814		1,814	-
Interest	37		37	73
Miscellaneous	5,887		5,887	6,366
Net assets released from donor restrictions (Note 5)	552,534	(552,534)	-	-
Total Support and Revenue	805,617	(35,220)	770,397	686,657
Expenses				
Program	633,295		633,295	531,929
Management and general	143,006		143,006	101,156
Fundraising	14,559		14,559	34,039
Total Expenses	790,860	-	790,860	667,124
Change in net assets	14,757	(35,220)	(20,463)	19,533
Net Assets, beginning of year	278,868	274,005	552,873	533,340
Net Assets, end of year	\$ 293,625	\$ 238,785	\$ 532,410	\$ 552,873

See Notes to the Financial Statements

WORKSAFE, INC.

Statement of Cash Flows
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ (20,463)	\$ 19,533
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	146	-
Changes in assets and liabilities:		
Accounts receivable	(11,671)	2,421
Pledges and grants receivable	114,234	70,515
Prepaid expenses	32,496	(66,005)
Deposits	20	-
Accounts payable and accrued expenses	12,249	6,148
Accrued vacation	(2,105)	7,016
Deferred revenue	-	(10,884)
Net cash provided (used) by operating activities	<u>124,906</u>	<u>28,744</u>
Cash flows from investing activities		
Purchase of property and equipment	(2,515)	-
Interest reinvestment in certificate of deposit	(37)	(74)
Net cash provided (used) by investing activities	<u>(2,552)</u>	<u>(74)</u>
Net change in cash	122,354	28,670
Cash, beginning of year	<u>288,185</u>	<u>259,515</u>
Cash, end of year	<u>\$ 410,539</u>	<u>\$ 288,185</u>

See Notes to the Financial Statements

WORKSAFE, INC.

**Statement of Functional Expenses
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

	Program	Management and General	Fundraising	Total	
				2018	2017
Salaries	\$ 348,540	\$ 86,154	\$ 8,224	\$ 442,918	\$ 357,803
Retirement contributions	11,135	2,440	261	13,836	15,561
Other employee benefits	35,007	7,923	731	43,661	46,286
Payroll taxes	28,567	6,488	665	35,720	29,889
Total Personnel	<u>423,249</u>	<u>103,005</u>	<u>9,881</u>	<u>536,135</u>	<u>449,539</u>
Grants	107,523	-	-	107,523	93,175
Accounting fees	-	10,750	-	10,750	13,100
Contract services	10,020	2,531	1,371	13,922	12,732
Advertising and promotion	8	45	-	53	50
Office expenses	19,348	2,247	1,793	23,388	14,224
Travel and meals	15,025	8,197	378	23,600	19,232
Occupancy	38,585	7,821	860	47,266	43,539
Conference and meetings	1,673	231	6	1,910	864
Insurance	5,278	968	123	6,369	7,130
Dues, licenses, service fees	9,744	2,606	43	12,393	4,924
Bank fees, payroll services	1,226	1,359	27	2,612	3,366
Depreciation	-	146	-	146	-
In-kind expenses	-	1,814	-	1,814	-
Miscellaneous	1,616	1,286	77	2,979	5,249
Total Expenses	<u>\$ 633,295</u>	<u>\$ 143,006</u>	<u>\$ 14,559</u>	<u>\$ 790,860</u>	<u>\$ 667,124</u>

See Notes to the Financial Statements

WORKSAFE, INC.

**Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

NOTE 1: NATURE OF ACTIVITIES

Worksafe, Inc. (the Organization) is a California nonprofit public benefit corporation founded in 1982 to promote occupational safety and health through education, training and advocacy. It focuses on eliminating all types of workplace hazards and also on workplace-created toxic hazards that impact at-risk communities in California.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of June 30, 2018.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

WORKSAFE, INC.

Notes to the Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for the Year Ended June 30, 2017)

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2018 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2018.

Accounts, Pledges, and Grants Receivable

The Organization considers all accounts, pledges, and grants receivable to be fully collectible at June 30, 2018. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Estimates

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

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

WORKSAFE, INC.

**Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

At June 30, 2018, the Organization valued all certificates of deposit at fair value based on level 2 inputs.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment.

Furniture and equipment	5 years
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Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of November 29, 2018 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

WORKSAFE, INC.

Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 4,143	\$ 1,629
Less: accumulated depreciation	<u>(1,774)</u>	<u>(1,629)</u>
Total	<u>\$ 2,369</u>	<u>\$ -</u>

NOTE 4: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows at June 30:

	<u>2018</u>	<u>2017</u>
Legal support services	\$ 80,450	\$ 214,520
Future use	<u>158,335</u>	<u>59,485</u>
Total	<u>\$ 238,785</u>	<u>\$ 274,005</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the years ended June 30:

	<u>2018</u>	<u>2017</u>
CHANGE	\$ -	\$ 7,175
Legal support services	451,384	312,645
Campaigns and projects	-	6,875
Expiration of time	<u>101,150</u>	<u>164,098</u>
Total	<u>\$ 552,534</u>	<u>\$ 490,793</u>

NOTE 6: PENSION

The Organization has a defined contribution plan as established under Internal Revenue Code Section 401(k) (the Plan). Upon successful completion of 90 days of employment, full-time and part-time employees are eligible to enroll in the Plan. For each Plan year, the Board of Directors of the Organization determines the amount (if any) to be contributed to the Plan by the Organization. Contributions made by the Organization for the years ending June 30, 2018 and 2017 totaled \$13,836 and \$15,561, respectively.

WORKSAFE, INC.

Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

NOTE 7: SPECIAL EVENT

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

	<u>2018</u>	<u>2017</u>
Admission	\$ 15,800	\$ 6,195
Donations and sponsorships	45,430	57,388
Less: Costs of direct donor benefit	<u>(10,424)</u>	<u>(7,891)</u>
Total	<u>\$ 50,806</u>	<u>\$ 55,692</u>

NOTE 8: CONCENTRATIONS

Revenue and Receivable Concentrations

During the year ended June 30, 2018, approximately 40% of the Organization's support and revenue came from a single funder. A significant reduction in the level of this support, if this were to occur, may have an effect of the Organization's program and activities.

NOTE 9: CONDITIONAL PROMISES TO GIVE

In addition to the activity reflected on the Organizations statement of activity, the Organization received certain conditional promises to give as of June 30, 2018:

<u>Grant</u>	<u>Condition</u>	<u>Amount</u>
Grant I	Program performance and reporting	\$ 350,000
Grant II	Program performance and reporting	78,931
Grant III	Program performance and reporting	47,759
Grant IV	Program performance and reporting	<u>78,125</u>
	Total	<u>\$ 554,815</u>

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