

Collaborative Support Services, Inc.
Financial Statements
December 31, 2022 and 2021



Report of Independent Auditors

To the Board of Directors of Collaborative Support Services, Inc.

Opinion

We have audited the accompanying financial statements of Collaborative Support Services, Inc. (the "Company"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and of cash flows, including the related notes for the years then ended (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years 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 (US 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 Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date 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 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 US 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 US 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 Company'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 Company'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.

PricewaterhouseCoopers LLP
September 22, 2023

Collaborative Support Services, Inc.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Cash	\$ 268,648	\$ 1,486,425
Contributions receivable	1,353,562	623,388
Accounts receivable	72,625	8,430
Prepaid expenses	3,647	3,544
Fixed assets, net	10,879	12,828
Security deposits	3,441	4,059
Right of use asset, net	20,296	-
Total assets	<u>\$ 1,733,098</u>	<u>\$ 2,138,674</u>
Liabilities and Net Assets		
Accounts payable	\$ 71,702	\$ 550,788
Grants payable	28,236	84,708
Accrued expenses	252,948	97,519
Due to affiliates	-	2,988
Deferred rent	-	1,183
Lease liability	20,887	-
Total liabilities	<u>373,773</u>	<u>737,186</u>
Net assets without donor restrictions	134,619	192,781
Net assets with donor restrictions	1,224,706	1,208,707
Total net assets	<u>1,359,325</u>	<u>1,401,488</u>
Total liabilities and net assets	<u>\$ 1,733,098</u>	<u>\$ 2,138,674</u>

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

Collaborative Support Services, Inc.
Statements of Activities
Years Ended December 31, 2022 and 2021

	2022	2021
Revenues and support without donor restrictions		
Contributions in-kind	\$ 77,300	\$ 55,000
Consulting income	120,886	228,551
Event income	20,320	9,070
Other income	-	89
Net assets released from restrictions	<u>1,793,769</u>	<u>1,560,983</u>
Total revenues and support without donor restrictions	<u>2,012,275</u>	<u>1,853,693</u>
Expenses		
Program expenses	1,909,428	1,879,278
Management and general	<u>161,009</u>	<u>153,158</u>
Total expenses	<u>2,070,437</u>	<u>2,032,436</u>
Decrease in net assets without donor restrictions	(58,162)	(178,743)
Revenue with donor restrictions		
Contributions of cash	1,809,768	2,388,185
Refunded cash contributions	-	(541,983)
Net assets released from restriction	<u>(1,793,769)</u>	<u>(1,560,983)</u>
Increase in net assets with donor restrictions	<u>15,999</u>	<u>285,219</u>
Increase (decrease) in total net assets	(42,163)	106,476
Total net assets at beginning of year	<u>1,401,488</u>	<u>1,295,012</u>
Total net assets at end of year	<u>\$ 1,359,325</u>	<u>\$ 1,401,488</u>

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

Collaborative Support Services, Inc.
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (42,163)	\$ 106,476
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities		
Right of use asset amortization	41,716	-
Depreciation and amortization	1,949	812
Changes in operating assets and liabilities		
Accounts receivable	(64,195)	93,858
Contributions receivable	(730,174)	430,882
Prepaid expenses	(103)	1,347
Security deposits	618	862
Accounts payable	(479,086)	474,984
Grants payable	(56,472)	84,708
Accrued expenses	155,429	(107,515)
Due to affiliates	(2,988)	345
Deferred rent	(1,183)	592
Lease liability	(41,125)	-
Net cash provided by (used in) operating activities	<u>(1,217,777)</u>	<u>1,087,351</u>
Cash flows from investing activities		
Purchases of fixed assets	<u>-</u>	<u>(13,640)</u>
Net cash used in investing activities	<u>-</u>	<u>(13,640)</u>
Net increase (decrease) in cash	<u>(1,217,777)</u>	<u>1,073,711</u>
Cash		
Cash at beginning of year	<u>1,486,425</u>	<u>412,714</u>
Cash at end of year	<u>\$ 268,648</u>	<u>\$ 1,486,425</u>
Supplemental schedule of noncash activities		
Contributions in-kind	\$ 77,300	\$ 55,000
Lease liability arising from obtaining right of use asset	\$ 62,012	\$ -

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

Collaborative Support Services, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

1. Organization

Collaborative Support Services, Inc. ("CSS") is an organization dedicated to supporting charitable programming in the State of Hawaii, with a specific focus on early-stage organizations. CSS will support this programming through capacity-building activities for early-stage charitable organizations including grant funding, administrative support, and educational seminars and convenings.

CSS is a non-profit, non-stock corporation formed on May 1, 2018 in the state of Hawaii. CSS is organized and operated exclusively for exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (the "Code"). On December 13, 2019, CSS received its official 501(c)(3) status with the IRS retroactive to May 3, 2018, classifying CSS as a public charity.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") applicable to non-profit organizations.

Revenues are 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. Other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Contributions

Contributions are recognized as revenue at fair value in the period irrevocably pledged or received. Contributions of stock are valued at the average of the high and low price on the date transferred.

Contributions, including unconditional promises to give, are recorded in the period made. Conditional promises to give, which depend on the occurrence of a specific future or uncertain event, such as meeting specific milestones set by the donor, are recognized when the conditions are substantially met.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

Contributions in-kind consisted of donated services. These contributions are recognized at the respective fair market value on the date received.

Refunded cash contributions in 2021 consisted of \$541,983 in unspent 2021 Early Childhood Action Strategy (ECAS) operating support that was returned to the donor. This was accounted for under "Accounts Payable" in the Statements of Financial Position.

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent resources that are not subject to donor-imposed restrictions and are available to support CSS's activities. These net assets may be designated for

Collaborative Support Services, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

specific purposes by action of the Board of Directors or otherwise limited by contractual arrangements with outside parties.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent resources that are subject to donor-imposed restrictions which can be fulfilled by actions of CSS pursuant to those stipulations and/or expire with the passage of time. Upon the passage of time and/or satisfaction of donor-imposed stipulations, the associated net assets are released and recognized as net assets without donor restrictions. As of December 31, 2022, net assets with donor restrictions consisted of \$225,000 to provide 2023 general operating support for ECAS and \$999,706 to provide support to various child welfare projects. As of December 31, 2021, net assets with donor restrictions consisted of \$190,465 to provide 2022 general operating support for ECAS and \$1,018,242 to provide support to various child welfare projects.

Uses of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments purchased with a remaining maturity of three months or less. At times, cash balances may exceed federally insured limits. At December 31, 2022 and 2021, CSS had no cash equivalents.

Fixed Assets

Fixed assets are recorded at cost at the date of purchase. Depreciation and amortization is recorded on assets in service using the straight-line method over the estimated useful lives of the assets, as follows:

Furniture and fixtures	7 years
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Leases

CSS calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term, which was 0.2%. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Consulting Income

Consulting income represents revenue related to contracts for services provided to the State of Hawaii Department of Health and other non affiliated organizations.

Event Income

Event income represents amounts contributed to CSS from other non-profits as reimbursement for the execution of emergency relief food distributions. Event income is recognized as revenue in the year the food distribution event occurs.

Income Taxes

CSS, as a qualified public charity, is exempt from federal and state income tax under Section 501(c)(3) of the Code. Contributions to it may be deductible by donors for federal and state income tax purposes. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Collaborative Support Services, Inc.

Notes to Financial Statements

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Adoption of New Accounting Standards

Effective January 1, 2022, CSS adopted the Financial Accounting Standards Board (“FASB”) Accounting Standard Update (“ASU”) 2016-02 - *Leases* (ASC 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). ASC 842 supersedes the previous leases standard, ASC 840 *Leases*.

The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

CSS has elected to apply the provisions of this standard to the beginning of the period of adoption, with no cumulative effect adjustment to CSS’s statement of financial position as of December 31, 2022.

CSS’s reporting for the comparative period presented in the financial statements is in accordance with the previous lease standard, ASC 840.

CSS elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract.

CSS elected the following expedients under ASC 842: (a) election to use a risk-free rate; (b) election not to separate lease components from non-lease components; (c) election not to recognize the right-of-use asset and the lease liability for short-term (12 months or less) leases.

CSS has not elected to adopt the available practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*, which is intended to clarify the presentation and disclosure of contributed nonfinancial assets and provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized. This ASU is effective for calendar year 2022 for CSS. CSS adopted the new standard on January 1, 2022. See Note 9 for additional disclosures.

3. Fair Value of Investments

In accordance with the authoritative guidance on fair value measurements and disclosures under US GAAP, CSS discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

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Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that CSS has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management. Management considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

As of December 31, 2022 and 2021, all cash was classified as level 1 within the valuation hierarchy. As of December 31, 2022 and 2021, CSS held no investments.

4. Fixed Assets

Fixed assets at December 31, 2022 and 2021 consisted of the following:

	2022	2021
Furniture and fixtures	\$ 13,640	\$ 13,640
Total fixed assets	<u>13,640</u>	<u>13,640</u>
Less: Accumulated depreciation and amortization	<u>(2,761)</u>	<u>(812)</u>
Fixed assets, net	<u>\$ 10,879</u>	<u>\$ 12,828</u>

Depreciation and amortization expense of fixed assets during the years ended December 31, 2022 and 2021, were \$1,949 and \$812, respectively.

5. Related Party Transactions

During the years ended December 31, 2022 and 2021, financial manager fees and professional fees were contributed by affiliates on behalf of CSS. These were accounted for under "Contributions in-kind" in the Statements of Activities. See Note 9 for additional disclosures.

6. Lease Commitments

On May 28, 2020, CSS entered into a 3-year lease agreement with monthly rent of \$3,385. Rent expense related to the lease obligation was \$40,615 for the year ended December 31, 2021. On January 1, 2022, CSS recorded an operating lease right-to-use asset of \$60,829 and operating lease liability of \$62,012 to recognize the lease in connection with the adoption of ASC 842.

Lease cash payments for the year ended December 31, 2022 was \$41,206.

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The maturities of operating lease liability as of December 31, 2022 were as follows:

Maturities of lease liabilities	2022
2023	\$ 20,899
2024	-
2025	-
2026	-
2027	-
Total lease payments	20,899
Less: Interest	(12)
Present value of lease liability	\$ 20,887

7. Analysis of Expenses

Expenses are allocated between Program expenses and Management and general based on the function that benefited from the incurred expenses and estimates made by management.

The total functional expenses, displayed by natural expense classification, for the years ended December 31, 2022 and 2021 were as follows:

	2022			2021		
	Program expenses	Management and general	Total expenses	Program expenses	Management and general	Total expenses
Salary and benefits	\$ 684,489	\$ -	\$ 684,489	\$ 587,860	\$ -	\$ 587,860
Professional services	1,046,212	141,332	1,187,544	649,556	146,525	796,081
Donation/grants	-	300	300	113,130	-	113,130
Occupancy	43,676	7,561	51,237	52,105	-	52,105
Events and meetings	17,906	595	18,501	2,617	306	2,923
Program supplies	78,251	-	78,251	429,027	-	429,027
Travel	9,796	-	9,796	-	-	-
Other expenses	29,098	11,221	40,319	44,983	6,327	51,310
Total expenses	\$1,909,428	\$ 161,009	\$ 2,070,437	\$1,879,278	\$ 153,158	\$ 2,032,436

8. Liquidity

CSS's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Collaborative Support Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

	Amount
Cash	\$ 268,648
Contributions receivable	1,353,562
Accounts receivable	<u>72,625</u>
Available financial assets	<u>\$ 1,694,835</u>

CSS's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

9. Contributions in-kind

For the calendar year ending December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities included the following:

	2022	2021	Utilization in	Donor	Valuation Techniques
	Revenue	Revenue	Programs/Activities	Restrictions	and Inputs
	Recognized	Recognized			
Financial Management Fees	\$ 55,000	\$ 55,000	General and Administrative	None	Charges based on actual rates for management services provided to CSS by Comprehensive Financial Management.
Professional Services	\$ 22,300	\$ -	General and Administrative	None	Charges based on a percentage of actual expenses for professional services provided to CSS by The Omidyar Group.

10. Subsequent Events

Management has performed an evaluation of subsequent events through September 22, 2023, which is the date CSS's financial statements were available to be issued and has concluded that there were no other significant subsequent events requiring adjustment or disclosure in the financial statements other than what has been stated below.

On June 1, 2023, CSS entered into an agreement with Duesenberg Investment Company, LLC to lease office space at 745 Fort Street, Honolulu, Hawaii. The lease is for a period of 3 years with an option to extend the lease for an additional 3 years. Management assessed the lease and concluded that it is an operating lease under ASC 842. CSS will calculate operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term.