

Glide Foundation

Consolidated Financial Statements
and Single Audit Reports and Schedules
and State Childcare Development Reports

June 30, 2023
(With Comparative Totals for 2022)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Glide Foundation
San Francisco, California

Opinion

We have audited the accompanying consolidated financial statements of Glide Foundation ("GLIDE"), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Glide Foundation as of June 30, 2023, and the changes in their net assets and their 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Glide Foundation 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 these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Glide Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Glide Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Glide Foundation'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying supplementary information shown on pages 41 - 69 for California Department of Education is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of GLIDE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GLIDE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GLIDE's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Glide Foundation's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 26, 2023. 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 consolidated financial statements from which it has been derived.



Armanino^{LLP}
San Francisco, California

December 15, 2023

Glide Foundation
Consolidated Statement of Financial Position
June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 3,918,604	\$ 7,788,835
Restricted cash for CDE	14,772	14,769
Certificates of deposit	1,321,568	495,944
Prepaid expenses and other assets	425,532	420,425
Contributions, grants and other receivables, net	1,177,635	1,301,667
Contracts receivable	2,789,026	1,536,176
Investments	20,203,330	21,409,939
Deferred compensation assets	121,126	1,668,677
Property and equipment, net	<u>30,084,682</u>	<u>32,788,714</u>
Total assets	<u>\$ 60,056,275</u>	<u>\$ 67,425,146</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,661,620	\$ 1,906,671
Accrued expenses	1,403,023	1,257,757
Line of credit	4,500,000	-
Deferred compensation liability	121,126	1,668,677
Capital lease obligation	-	10,118
CDE reserve liability	<u>14,772</u>	<u>14,769</u>
Total liabilities	<u>7,700,541</u>	<u>4,857,992</u>
Net assets		
Without donor restrictions		
Board-designated for endowment	9,832,494	1,722
Undesignated	<u>40,735,011</u>	<u>60,064,995</u>
Total without donor restrictions	50,567,505	60,066,717
With donor restrictions	<u>1,788,229</u>	<u>2,500,437</u>
Total net assets	<u>52,355,734</u>	<u>62,567,154</u>
Total liabilities and net assets	<u>\$ 60,056,275</u>	<u>\$ 67,425,146</u>

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

Glide Foundation
Consolidated Statement of Activities
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenue				
Contributions, grants, and other support	\$ 8,245,642	\$ 1,499,227	\$ 9,744,869	\$ 11,186,038
Contract revenue	9,495,513	-	9,495,513	6,768,961
Special events	1,157,421	-	1,157,421	20,009,723
Donated goods and services	1,186,666	-	1,186,666	1,765,606
Other income	55,968	-	55,968	154,612
Interest and investment income (loss), net	1,994,282	-	1,994,282	(1,516,390)
Forgiveness of loan payable - Paycheck Protection Program	-	-	-	2,685,056
Net assets released from restrictions	<u>2,211,435</u>	<u>(2,211,435)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>24,346,927</u>	<u>(712,208)</u>	<u>23,634,719</u>	<u>41,053,606</u>
Functional expenses				
Program services				
Program	18,842,135	-	18,842,135	18,383,192
Church	<u>1,776,288</u>	<u>-</u>	<u>1,776,288</u>	<u>1,312,840</u>
Total program services	<u>20,618,423</u>	<u>-</u>	<u>20,618,423</u>	<u>19,696,032</u>
Support services				
General and administration	8,591,871	-	8,591,871	5,251,982
Fund development	<u>2,984,194</u>	<u>-</u>	<u>2,984,194</u>	<u>3,227,840</u>
Total support services	<u>11,576,065</u>	<u>-</u>	<u>11,576,065</u>	<u>8,479,822</u>
Total functional expenses	<u>32,194,488</u>	<u>-</u>	<u>32,194,488</u>	<u>28,175,854</u>
Change in net assets from operations	<u>(7,847,561)</u>	<u>(712,208)</u>	<u>(8,559,769)</u>	<u>12,877,752</u>
Non-operating				
Loss on disposal of property	<u>(1,651,651)</u>	<u>-</u>	<u>(1,651,651)</u>	<u>-</u>
Total non-operating	<u>(1,651,651)</u>	<u>-</u>	<u>(1,651,651)</u>	<u>-</u>
Change in net assets	(9,499,212)	(712,208)	(10,211,420)	12,877,752
Net assets, beginning of year	<u>60,066,717</u>	<u>2,500,437</u>	<u>62,567,154</u>	<u>49,689,402</u>
Net assets, end of year	<u>\$ 50,567,505</u>	<u>\$ 1,788,229</u>	<u>\$ 52,355,734</u>	<u>\$ 62,567,154</u>

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

Glide Foundation
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	Program	Church	General and Administration	Fund Development	2023 Total	2022 Total
Personnel expenses	\$ 10,140,928	\$ 850,128	\$ 2,119,251	\$ 735,205	\$ 13,845,512	\$ 12,761,356
Salaries and wages	1,740,443	144,319	359,764	124,808	2,369,334	2,196,601
Employee benefits	811,680	67,568	168,439	58,434	1,106,121	991,535
Payroll taxes	12,693,051	1,062,015	2,647,454	918,447	17,320,967	15,949,492
Total personnel expenses						
Professional services	527,741	228,070	2,831,470	404,819	3,992,100	3,668,094
Food cost	2,100,466	8,268	4,356	1,305	2,114,395	1,955,678
Occupancy	755,688	47,744	325,961	111,289	1,240,682	831,580
Depreciation and amortization	666,958	53,357	326,807	126,722	1,173,844	1,255,910
Information technology	145,051	6,873	846,074	61,239	1,059,237	771,704
Supplies and equipment	189,209	10,856	460,013	139,461	799,539	382,930
Holiday events	20,664	5,701	16,438	654,760	697,563	676,505
Subcontractors	419,121	12,000	-	50,000	481,121	50,000
Production and events	72,839	299,428	20,432	36,218	428,917	306,772
Travel, entertainment and training	202,618	11,042	134,626	61,436	409,722	234,619
Kitchen supplies	395,697	-	3,988	-	399,685	275,737
Postage and printing	11,568	523	41,230	297,225	350,546	596,551
Insurance	64,675	2,923	230,528	28,673	326,799	279,409
Scholarship awards, gifts and benevolence	250,108	1,100	58,771	10,622	320,601	100,431
Other expenses	46,195	14,890	191,197	49,058	301,340	312,029
Advertising and public relations	41,115	5,702	121,473	30,365	198,655	75,364
Interest expense	-	-	185,887	-	185,887	52,693
Rentals	32,616	2,700	111,858	-	147,174	103,348
Program incentives	120,939	501	-	-	121,440	168,725
Repairs and maintenance	70,627	23	30,170	2,555	103,375	87,610
Uniforms	15,189	2,572	3,138	-	20,899	40,673
	\$ 18,842,135	\$ 1,776,288	\$ 8,591,871	\$ 2,984,194	\$ 32,194,488	\$ 28,175,854

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

Glide Foundation
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (10,211,420)	\$ 12,877,752
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	1,173,844	1,255,910
Net realized and unrealized (gains) losses on investments	(1,253,580)	1,863,255
Changes in asset retirement obligation	-	(25,001)
Loss on disposal of property	1,651,651	-
Forgiveness of loan payable - Paycheck Protection Program	-	(2,685,056)
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(5,107)	42,700
Contributions, grants and other receivables, net	124,032	252,806
Contracts receivable	(1,252,850)	(453,761)
Deferred compensation assets	1,547,551	393,129
Accounts payable	(245,051)	338,693
Accrued expenses	145,266	159,955
Deferred compensation liability	(1,547,551)	(393,129)
CDE reserve liability	<u>3</u>	<u>2</u>
Net cash provided by (used in) operating activities	<u>(9,873,212)</u>	<u>13,627,255</u>
Cash flows from investing activities		
Purchases of certificates of deposit	(825,624)	-
Proceeds from maturities of certificates of deposit	-	2,525,442
Purchases of property and equipment	(121,463)	(2,160,754)
Purchases of investments	(369,961)	(12,212,708)
Proceeds from sales of investments	<u>2,830,150</u>	<u>550,831</u>
Net cash provided by (used in) investing activities	<u>1,513,102</u>	<u>(11,297,189)</u>
Cash flows from financing activities		
Net borrowings on line of credit	4,500,000	-
Payments made on capital lease obligation	<u>(10,118)</u>	<u>(16,675)</u>
Net cash provided by (used in) financing activities	<u>4,489,882</u>	<u>(16,675)</u>
Net increase (decrease) in cash	(3,870,228)	2,313,391
Cash, cash equivalents and restricted cash, beginning of year	<u>7,803,604</u>	<u>5,490,213</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 3,933,376</u>	<u>\$ 7,803,604</u>

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

Glide Foundation
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 3,918,604	\$ 7,788,835
Restricted cash for CDE	14,772	14,769
	\$ 3,933,376	\$ 7,803,604
Supplemental disclosure of cash flow information		
Cash paid during the year interest	\$ 172,017	\$ -
Supplemental schedule of noncash investing and financing activities		
Construction in progress included in accounts payable	\$ -	\$ 428,317

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

Glide Foundation
Notes to Consolidated Financial Statements
June 30, 2023
(With Comparative Totals for 2022)

1. ORGANIZATION

Glide Foundation (the "Foundation"), formerly known as the Board of Trustees of the Glide Foundation, is a nonprofit public benefit corporation formed in 1929 under the laws of the State of California. Its mission is to create a radically inclusive, just, and loving community mobilized to alleviate suffering and break the cycles of poverty and marginalization. On March 17, 2021, The Board of Trustees of the Glide Foundation formally changed its name to Glide Foundation.

Glide Memorial Church ("the Church"), formerly known as the Glide Community Church, is a religious corporation formed under the laws of the State of California and is engaged in charitable, educational, and religious activities. The Church's Board of Directors is effectively controlled by the Foundation.

The Foundation and the Church will collectively be referred to as "GLIDE".

Programs and services:

As part of its mission, GLIDE, located in San Francisco's Tenderloin Community, provides the following services to the socially, economically disadvantaged and marginalized in the San Francisco and broader Bay Area Communities. GLIDE provides a variety of human services, education and family programs. These include:

- *Daily Free Meals Program* - serves three nutritious free meals every day of the year except January 1st. The Daily Free Meals Program utilizes one commercial grade kitchen, two dining rooms, and thousands of volunteers. The Daily Free Meals Program emphasizes cultural appropriate meals, with choice and variety. The program has partnered with GLIDE's Family Resource Center to create its own sustainable Zero Waste Food Pantry allowing it to provide nourishing food in reusable and compostable containers. Each holiday season, GLIDE brings much needed services, nourishment, and joy to the community. This includes special meals served on Thanksgiving, Christmas Eve, Christmas Day and New Year's Eve. In support of the Daily Free Meals Program and all other GLIDE programs, is the Community Safety and Training Program and the Community Engagement Volunteer Program.
- *Community Safety and Training* - supports GLIDE's mission to maintain a safe, welcoming, and supportive environment for everyone seeking services year round, 7 days a week, 364 days a year. Primary areas of responsibilities include monitoring of lines for various services (e.g. Daily Free Meals Program, special holiday events), crisis prevention, emergency response, conflict de-escalation, event set up support, general building security, and janitorial. The Community Safety and Training Program is also a workforce reentry and job development program for many of the staff who have shared similar life experiences as the community it serves.

Glide Foundation
Notes to Consolidated Financial Statements
June 30, 2023
(With Comparative Totals for 2022)

1. ORGANIZATION (continued)

- *Community Engagement Volunteers* - GLIDE's Community Engagement and Volunteer Program stands to support GLIDE by connecting the community, programs and volunteer needs together. GLIDE focuses on two parts, bringing willing, skilled volunteers to GLIDE's programs that need this support, and by engaging the community to create Social Justice partners that can go out to share GLIDE's values.
- *Center for Social Justice* - ("the Center") guides the application of GLIDE's vision for a radically inclusive and loving community. Through cultivation of a beloved community, the Center creates bold, systematic change, impacting the most significant social and racial justice issues facing GLIDE's clients, staff, and community. The Center moves from a belief in the need to address both the manifestations (harms to people and communities) and root causes (systemic inequities) of injustices. The Center uses a system change framework to identify and understand the critical issues impacting GLIDE's clients. Through grassroots organizing, transformational learning, and policy advocacy, the Center convenes community members and policymakers to amplify the voices of impacted people. In addition, the Center seeks to mobilize GLIDE's clients, congregants, volunteers, supporters, community partners, and neighbors to become agents of change.
- *Family Youth and Childcare Center* - provides low income children and their families with culturally competent, multilingual licensed childcare (toddler and preschool age) and K5 after-school programs including tutoring, literacy enhancement, creative arts, advocacy, case management, and nutrition education. In addition, parenting classes and other family support activities are offered through the Family Resource Center.
- *Violence Prevention* - GLIDE's Women's Center helps women who have slipped through the social safety net and live on the street, in unstable housing situations or are experiencing trauma as a result of domestic violence. Through drop-in support groups, individual counseling and case management, the Women's Center provides a safe space for women as they work towards freeing themselves from unhealthy relationships, reducing the harm of risky behaviors and taking incremental steps toward healthier life choices.
- *Men in Progress* - ("MIP") teaches men who want to discontinue their violent behaviors how to break the cycles of violence for themselves, their families, and their communities. This peer reeducation program empowers men to hold themselves and each other accountable for their violence and to learn and practice positive, healthy ways to resolve conflict, build strong personal relationships, and improve coping skills. MIP is a certified batterer's recovery program. Most clients are court-mandated, and their participation is monitored by their Probation Officer.
- *Walk-In Center* - serves as GLIDE's central resource center for emergency/crisis-related services by providing internal and external referrals to GLIDE's on-site programs and other external community and municipal resources so that individuals may empower themselves to make positive changes in their lives.

Glide Foundation
Notes to Consolidated Financial Statements
June 30, 2023
(With Comparative Totals for 2022)

1. ORGANIZATION (continued)

- *Harm Reduction* - provides culturally competent HIV and Hep C prevention interventions using a harm reduction syringe access services model. Drop-in HIV and Hep C testing is provided onsite and at community-based venues around the City. Outreach is conducted in the Tenderloin neighborhood, providing harm reduction and overdose prevention training and supplies, including safer injection kits. Through conversations with clients during outreach, client needs are assessed and linked to HIV and Hep C treatment, case management, substance use treatment, and medical and dental care.
- *Church* - Glide Memorial Church and Sunday Celebrations offer a unique weekly connection point, both communal and spiritual, for people from all walks of life. In addition to Sunday services, the Church provides a range of spiritual and human services, including numerous ministry groups, such as wellness programming, LGBTQ support groups, social and racial justice advocacy groups, and art forums.

The Church's practice lifts up people's strength and resilience, seeking to empower people who are surviving the daily challenges of social oppression and economic inequity. Drawing on musical traditions of jazz, blues, gospel, and Negro Spirituals, the Church is rooted in liberation theologies (preferential options for the poor) and celebration of the human spirit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Foundation and the Church. All inter-organizational transactions and balances have been eliminated in consolidation.

Basis of accounting and financial statement presentation

The consolidated financial statements of GLIDE have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") applicable to nonprofit organizations. Accordingly, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - net assets available for use in general operations and not subject to donor-imposed restrictions. GLIDE's governing board may designate a portion of its net assets without donor restrictions to function as an endowment or quasi-endowment fund.

Glide Foundation
Notes to Consolidated Financial Statements
June 30, 2023
(With Comparative Totals for 2022)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *Net assets with donor restrictions* - net assets available subject to donor-imposed stipulations that may or will be met by actions of GLIDE and/or the passage of time and those net assets subject to donor-imposed stipulations that they be maintained permanently by GLIDE. The investment income and appreciation on net assets held in perpetuity may be spent in accordance with donor-imposed stipulations.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as transfers between the applicable classes of net assets. Contributions with donor-imposed restrictions whose restriction are satisfied in the same reporting period as received are reported as net assets without donor restrictions. Investment income (e.g. interest and dividends and realized and unrealized gains) with donor-imposed restrictions that are met in the same year as earned are also reported as net assets without donor restrictions.

Cash and cash equivalents

GLIDE considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Financial instruments which are otherwise considered cash equivalents but are intended for long-term investment purposes and are held temporarily until suitable investment opportunities are identified, are included in the classification "Investments" in the consolidated statement of financial position.

As of June 30, 2023 and 2022, GLIDE had cash held in reserve of \$14,772 and \$14,769, respectively, to be used in accordance with the California Department of Education contract terms and conditions.

Certificates of deposit

In order to maximize short term returns, GLIDE invests a portion of cash on hand in laddered certificates of deposit accounts, with maturity dates of one year or less, which provide some income while maintaining liquidity. Certificates of deposit with original maturities of three months or less are reported as cash equivalents.

Contributions, grants and other receivables

Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Contributions include individual, foundation, corporation, and bequests.

Glide Foundation
Notes to Consolidated Financial Statements
June 30, 2023
(With Comparative Totals for 2022)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions, grants and other receivables (continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give, which contain donor-imposed conditions that represent a barrier that must be overcome as well as a right of release from obligation, shall be recognized when the condition or conditions on which they depend are substantially met; that is, when the conditional promise becomes unconditional. Contributions receivable that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Contributions, grants and other receivables, net, at June 30, 2023 and 2022 amounted to \$1,177,635 and \$1,301,667, respectively, and substantially all are expected to be collected within one year or less of the respective year end date.

Church contributions received from members at Sunday Services and through pledges and fundraising efforts are used for church programs and support, unless otherwise directed by the donor.

An allowance for doubtful contributions receivable is provided based upon management's judgment including factors such as prior collection history, type of contribution and current aging of contributions receivable. At June 30, 2023 and 2022 the allowance for doubtful contributions receivable amounted to \$50,000.

Contract revenue and receivables

GLIDE receives funding under grants and contracts from city, state and federal agencies. This funding is subject to contractual restrictions, which must be met by incurring qualifying expenses for particular programs. Accordingly, such grants are considered conditional contributions and are recorded as income without donor restrictions to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Contracts receivable amounted to \$2,789,026 and \$1,536,176 as of June 30, 2023 and 2022, respectively, and substantially all are expected to be collected within one year or less of the respective year end date.

Contributions of services and goods

Donated goods are recorded as contributions based on the estimated fair value at the date the contribution is made. Donated goods recognized in the consolidated financial statements for the years ended June 30, 2023 and 2022 amounted to \$946,566 and \$1,255,054, respectively.

Glide Foundation
Notes to Consolidated Financial Statements
June 30, 2023
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions of services and goods (continued)

Donated services are recorded as contributions at their estimated fair value of those services, if the services (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and (c) would typically need to be purchased if not donated. GLIDE received contributed services from organizations and individuals. During 2023 and 2022, contributed services amounted to \$240,100 and \$510,552, respectively.

Investments

GLIDE accounts for investments in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 958-320, *Not-for-Profit Entities: Investments - Debt and Equity Securities and Disclosures* ("ASC 958-320"). ASC 958-320 requires that investments in debt and equity securities with readily determinable fair values be reported at fair market value in the consolidated statement of financial position.

Sales and purchases of securities are recorded on the trade date, which results in receivables and payables on trades that have not yet settled at the financial statement date. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the consolidated statement of activities and represent the difference between the cost and current market quotations of investments held at the end of the fiscal year. Investments received by donation are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are classified as increases or decreases in net assets without donor restrictions, unless their use is restricted by the donor.

Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

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. GLIDE 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, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that GLIDE has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Glide Foundation
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

Unobservable inputs reflect GLIDE's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include GLIDE's own data.

Property and equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to thirty-nine years for building improvements, equipment and furniture.

GLIDE capitalizes any furniture or equipment greater than \$3,000 with a useful life greater than 1 year. Minor replacements, betterments, maintenance and repairs are charged to expense as incurred. Major replacements and betterments are capitalized and depreciated over the remaining useful lives of the assets.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and support services benefited.

Direct identification of specific expenses is GLIDE's preferable method of charging expenses to various functions. GLIDE has a number of expenses which relate to more than one program or support activity, or to a combination of programs and support activities. Expenses are allocated among program services, general and administrative, and fund development classifications based primarily upon estimates of employee head count and square feet.

Income tax status

The Foundation and the Church are exempt from federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701d of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been included in the accompanying consolidated financial statements.

GLIDE has evaluated its current tax positions and has concluded that as of June 30, 2023 and 2022, the Foundation and the Church do not have any material uncertain tax positions for which a reserve would be necessary.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Use of estimates includes, but are not limited to, accounting for allowances for doubtful contributions, grants and other receivables, determination of investment fair values, in-kind goods and services, the valuation of the asset retirement obligation, depreciation, and allocation of certain indirect costs.

Summarized comparative financial information

The consolidated financial statements include certain prior-period 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 GLIDE's financial statements as of and for the year ended June 30, 2022, from which the summarized information was derived.

Change in accounting principle

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

GLIDE adopted the standard effective July 1, 2022 using the modified retrospective approach, with certain practical expedients available. GLIDE implemented the standard and concluded that the value of its lease asset and liability obligations under the standard are not material to the consolidated financial statements to be recorded or disclosed.

Reclassifications

Certain reclassifications have been made to prior year balances to conform to the current year presentation with no changes to net assets.

Glide Foundation
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3. INVESTMENTS

Investments consisted of the following:

	<u>2023</u>	<u>2022</u>
Domestic equity securities	\$ 7,022,354	\$ 6,869,066
International equity securities	5,227,841	5,344,074
Fixed income securities	6,839,075	7,853,530
Real estate investments	1,106,623	1,343,269
Private equity	<u>7,437</u>	<u>-</u>
	<u>\$ 20,203,330</u>	<u>\$ 21,409,939</u>

Interest and investment income (loss), net consisted of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 812,129	\$ 391,562
Net realized and unrealized gains (losses)	1,253,580	(1,863,255)
Investment fees	<u>(71,427)</u>	<u>(44,697)</u>
	<u>\$ 1,994,282</u>	<u>\$ (1,516,390)</u>

Glide Foundation
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4. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, GLIDE's assets and liabilities at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Fair Value
Assets				
Domestic equity securities	\$ 7,022,354	\$ -	\$ -	\$ 7,022,354
International equity securities	5,227,841	-	-	5,227,841
Fixed income securities	6,839,075	-	-	6,839,075
Real estate investments	1,106,623	-	-	1,106,623
Deferred compensation assets	121,126	-	-	121,126
	<u>\$ 20,317,019</u>	<u>\$ -</u>	<u>\$ -</u>	20,317,019
Investments measured at net asset value				7,437
				<u>\$ 20,324,456</u>
Liabilities				
Deferred compensation liability	\$ 121,126	\$ -	\$ -	\$ 121,126
	<u>\$ 121,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,126</u>

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4. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, GLIDE's assets and liabilities at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets				
Domestic equity securities	\$ 6,869,066	\$ -	\$ -	\$ 6,869,066
International equity securities	5,344,074	-	-	5,344,074
Fixed income securities	7,853,530	-	-	7,853,530
Real estate investments	1,333,624	-	9,645	1,343,269
Deferred compensation assets	<u>1,668,677</u>	<u>-</u>	<u>-</u>	<u>1,668,677</u>
	<u>\$ 23,068,971</u>	<u>\$ -</u>	<u>\$ 9,645</u>	<u>\$ 23,078,616</u>
Liabilities				
Deferred compensation liability	<u>\$ 1,668,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,668,677</u>
	<u>\$ 1,668,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,668,677</u>

The fair value of equity securities, fixed income securities, deferred compensation assets and deferred compensation liability is measured on a recurring basis using quoted market prices. The fair value of the asset retirement obligation is based on a model that incorporates estimated settlement costs and anticipated completion dates and has been recorded at present value using a discount rate of approximately 4%.

The following table sets forth a summary of changes in the fair value of Level 3 liabilities for the years ended June 30, 2023 and 2022:

	<u>Total</u>
Balance, June 30, 2021	<u>\$ 9,645</u>
Balance, June 30, 2022	9,645
Transfers	<u>(9,645)</u>
Balance, June 30, 2023	<u>\$ -</u>

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5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	2023	2022
Building and building improvements	\$ 24,741,856	\$ 24,741,856
Equipment and furniture	6,819,097	6,693,526
Accumulated depreciation and amortization	(14,575,988)	(13,402,144)
	16,984,965	18,033,238
Land	12,533,102	12,533,102
Construction in progress	566,615	2,222,374
	\$ 30,084,682	\$ 32,788,714

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 totaled \$1,173,844 and \$1,255,910, respectively.

6. LINE OF CREDIT

In March 2022, GLIDE entered into a line of credit for \$5,000,000 with an interest rate equal to the greater of 1% of the Prime rate minus 0.5%. The line of credit had an initial maturity date of March 16, 2023 and was extended through March 2024. The balance on the line of credit as of June 30, 2023 was \$4,500,000. There was no outstanding balance on the line of credit at June 30, 2022. The line of credit was paid in full on November 11, 2023 (see Note 16).

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2023	2022
Amounts restricted for donor specified programs from contributions	\$ 1,330,456	\$ 1,900,437
Time restricted	457,773	600,000
	\$ 1,788,229	\$ 2,500,437

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7. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Amounts released for donor specified programs	\$ 2,009,208	\$ 1,123,396
Amounts released for time restrictions	202,227	200,000
	\$ 2,211,435	\$ 1,323,396

GLIDE previously held amounts to be kept in perpetuity related to the Lizzie Glide Trust and the Epworth/Wesley Trust.

The Lizzie Glide Trust is a charitable trust established in 1929 for the purpose of advancing and fostering the Christian spirit, education, service to the poor, and maintaining an evangelical center in San Francisco. Under the terms of the Lizzie Glide Trust, the principal is to be held in perpetuity and the current and accumulated income, together with principal appreciation or depreciation, is purpose-restricted for the maintenance, operation, and support of the Church, as well as the promotion of religion, religious education and charity.

The purpose of the Epworth/Wesley Trust is to foster and promote religious training and education among students at the Berkeley, Davis and San Francisco campuses of the University of California. Under the terms of the Epworth/Wesley Trust, the principal is to be held in perpetuity and the current and accumulated income, together with principal appreciation or depreciation, is purpose-restricted for the above-mentioned purpose.

During 2021, trustee responsibility for both the Lizzie Glide Trust and Epworth/Wesley Trust were transferred to the California-Nevada Annual Conference of the United Methodist Church ("CNAC").

8. ENDOWMENT

GLIDE's endowment consists of funds designated by the Board of Directors to function as endowments. GLIDE also previously held two donor-restricted endowments established for a variety of purposes. As required U.S. GAAP, net assets associated with endowment funds, including funds designated by GLIDE to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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8. ENDOWMENT (continued)

During 2019, GLIDE made an \$11,000,000 grant from board-designated net assets to the Glide Legacy Fund ("GLF") for the purpose of establishing a board-designated endowment known as the Glide Program Fund. In February 2021, the Board of Directors of GLF announced the dissolution of GLF with a wind down of operations completed by May 31, 2021. As part of the dissolution plan, GLF was required to settle all debts and liabilities with the remaining assets of GLF to be distributed to GLIDE. In April 2021, the Board of Directors of GLF removed the restriction on the Glide Program Fund and approved the transfer of the funds to GLIDE. In May 2021, GLF transferred the funds which amounted to \$11,790,758, to GLIDE. In January 2022, the Board of Directors of GLIDE established a quasi-endowment with the intent to designate the funds received from GLF to the quasi-endowment. The Board of Directors formally designated the funds received from GLF to the quasi-endowment in June 2023.

As part of the settlement agreement with the CNAC, GLIDE transferred their trustee responsibility over the donor-restricted endowments to CNAC, and CNAC will act as the new trustee over these funds and use them for their restricted purposes. The value of the endowment on the date of the transfer amounted to \$5,945,893.

Interpretation of relevant law

GLIDE has interpreted the California enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as allowing GLIDE to appropriate for expenditure or accumulate so much of an endowment fund as GLIDE determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Directors. The remaining portion of the donor-restricted endowment fund that is not to be held in perpetuity is classified as with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, GLIDE considers the following factors in making a determination to appropriate or accumulate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of GLIDE 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 GLIDE
- (7) The investment policies of GLIDE

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8. ENDOWMENT (continued)

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires GLIDE to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions unless the income from such endowment funds are restricted as to use in which case such amounts are reflected in net assets with donor restrictions. There were no such deficiencies as of June 30, 2023 and 2022.

Return objectives and risk parameters

GLIDE 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 GLIDE must hold in perpetuity and board-designated quasi-endowment funds.

In the absence of new inflows into the endowment funds, in order for the fund to preserve purchasing power, the real (inflation-adjusted) return of the fund net of fees must be equal to or exceed the distribution rate. The target rate of return for the invested assets has been based upon the assumption that future real rates of return will be close to the historical long run rates of return experienced for each asset class in the endowment funds. GLIDE's Investment Committee realizes that historical performance is no guarantee of future performance, that asset class and market returns vary, and that even with a 10-year investment horizon that actual real returns may differ significantly from expectations.

Strategies employed for achieving objectives

The Investment Committee will strive to ensure that the endowment funds are diversified across asset classes as well as within each asset class with the intent to minimize the risk of large losses to the endowment funds.

The investment objectives of maintaining purchasing power while helping to fund current and future GLIDE needs and services require an equity-based portfolio to generate expected returns that are consistent with the distribution rate.

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8. ENDOWMENT (continued)

Spending policy and how the investment objectives relate to spending policy

Gains and losses on investments held in perpetuity are classified as net assets with donor restrictions consistent with the donors' restrictions on the use of interest and dividend income generated by those assets. The annual disbursement formula target is set by the Board of Directors of GLIDE. Quarterly distributions during the year ended June 30, 2022 were calculated based on 4% of the 60-month rolling average of the investments' fair value. There were no distributions made during the year ended June 30, 2023. In establishing its distribution policy, GLIDE considered the long-term expected return on its endowment and the goal of maintaining the purchasing power of the endowment assets.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	<u>\$ 9,832,494</u>	<u>\$ -</u>	<u>\$ 9,832,494</u>

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	<u>\$ 1,722</u>	<u>\$ -</u>	<u>\$ 1,722</u>

Changes in endowment net assets for the fiscal years ended June 30, 2023 and 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2021	<u>\$ 1,722</u>	<u>\$ -</u>	<u>\$ 1,722</u>
Balance, June 30, 2022	<u>\$ 1,722</u>	<u>\$ -</u>	<u>\$ 1,722</u>
Designation of funds from GLF to quasi-endowment	<u>9,830,772</u>	<u>-</u>	<u>9,830,772</u>
Balance, June 30, 2023	<u>\$ 9,832,494</u>	<u>\$ -</u>	<u>\$ 9,832,494</u>

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9. DONATED GOODS AND SERVICES

Donated goods and services consisted of the following:

	2023	2022
Goods	\$ 946,566	\$ 1,255,054
Professional services	240,100	510,552
	\$ 1,186,666	\$ 1,765,606

Donated goods and services valuation techniques

Donated goods consists of food, software, supplies, and other goods and are valued using the U.S wholesale purchase prices. Donated professional services are valued using the fair market value of the services provided.

Donor restrictions and donated goods and services use

All donated goods and services received during the years ended June 30, 2023 and 2022 included no donor restrictions. GLIDE uses donated food in its Daily Free Meals Program. Donated professional services include services from attorneys advising GLIDE on various strategic, administrative, and legal matters. Donated software is used by the administrative team for general and administrative purposes. Donated other goods are used to support GLIDE's various programs. Donated COVID supplies include donated masks that were utilized for health and safety measures at GLIDE's offices.

10. PENSION PLAN

GLIDE's employees can participate in GLIDE's Pension Plan (the "Plan"), a 403(b) defined contribution plan. All employees are eligible to contribute to the Plan. In order for the employee to participate in the employer matching portion of the Plan, the employee must have worked at GLIDE for at least one year, work a minimum of 20 hours per week, and contribute a minimum of 2% of salary to the Plan. GLIDE makes discretionary contributions at an amount equal to 3% of the employee's salary and employer contributions vest 100% from the first day that the employee is eligible and contributes to the Plan. GLIDE's contributions amounted to \$436,684 and \$395,092 for the years ended June 30, 2023 and 2022, respectively.

GLIDE has also established a Deferred Compensation Plan under which it will provide supplemental retirement benefits to certain employees. The plan is intended to qualify as a "church plan" under Section 3(33) of ERISA. GLIDE selects the eligible participants in the plan and may make discretionary contributions to the plan on their behalf. All amounts contributed to the plan are immediately vested but are subject to the claims of creditors of GLIDE. At the present time, employees cannot contribute any portion of their compensation to the plan.