CALIFA GROUP

FINANCIAL STATEMENTS

AND SINGLE AUDIT REPORTS

FOR THE YEAR ENDED JUNE 30, 2025

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Califa Group
Financial Statements and Single Audit Reports
For the year ended June 30, 2025
Table of Contents

Page

List of Officials

Board Members

- Yolande Wilburn – President, Evanston Public Library
- Gary Shaffer – Treasurer, Palm Desert Public Library
- Carl Pritzkat – Vice President, Publishers Weekly
- Erik Mitchell – University of California San Diego Library
- Crystal Duran – Belvedere-Tiburon Library
- Jennie Pu – Hoboken Public Library
- Nicolle Davies – Colorado State Library

Independent Auditor's Report

Governing Board
Califa Group
San Francisco, California

Report on the Financial Statements

Opinion

We have audited the financial statements of the Califa Group (Group), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Group and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Group's ability to continue as a going concern for one year after the date that the 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 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 GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 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 Group'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 Group's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the 2024 financial statements of the Group, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 January 30, 2026, on our consideration of the Group'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 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 the Group's internal control over financial reporting and compliance.

JJACPA, Inc.

January 30, 2026

JJACPA, Inc.
Dublin, CA

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Califa Group

Statement of Financial Position

June 30, 2025

(with comparative balances for June 30, 2024)

ASSETS	2025	2024
Cash and cash equivalents	$ 2,399,566	$ 3,904,134
Investments	820,037	750,565
Accounts receivable	750,241	548,573
Interest receivable	23,530	29,423
Prepaid items	1,226,551	1,258,964
Property and equipment, net	6,667	11,127
Total assets	$ 5,226,592	$ 6,502,786
LIABILITIES AND NET ASSETS		
Liabilities:		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 114,951	$ 152,253
Unearned revenue	2,870,666	3,828,957
Total liabilities	2,985,617	3,981,210
Net Assets:		
Without donor restrictions		
Undesignated	2,240,975	2,521,576
Total net position	2,240,975	2,521,576
Total liabilities and net position	$ 5,226,592	$ 6,502,786

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

Califa Group

Statement of Activities

June 30, 2025

(with comparative balances for June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024
REVENUES, SUPPORT AND GAINS				
Membership and workshop fees	$ 349,811	$ -	$ 349,811	$ 287,469
Income and reimbursements	6,300,833	-	6,300,833	5,224,316
Government grants	3,744,512	-	3,744,512	2,693,161
Investment income	180,633	-	180,633	115,338
Unrealized gain (loss) on investments	27,478	-	27,478	77,283
TOTAL REVENUES, SUPPORT AND GAINS	10,603,267	-	10,603,267	8,397,567
EXPENSES AND LOSSES				
Program services	10,183,441	-	10,183,441	7,288,449
Management and general	700,427	-	700,427	1,379,803
Total expenses	10,883,868	-	10,883,868	8,668,252
Increase (Decrease) in unrestricted net assets	(280,601)	-	(280,601)	(270,685)
Change in Net Assets	(280,601)	-	(280,601)	(270,685)
NET POSITION:				
Beginning of year	2,521,576	-	2,521,576	2,792,261
End of year	$ 2,240,975	$ -	$ 2,240,975	$ 2,521,576

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

Califa Group
Statement of Functional Expenses
For the year ended June 30, 2025

Account Description	Program Services	Management and General	Total
Salaries	$ -	$ 525,656	$ 525,656
Payroll taxes	-	153,924	153,924
Employee benefits	-	124,255	124,255
Salary allocation	156,787	(156,787)	-
Taxes and fees	841	5	846
Event expenses	-	4,953	4,953
Insurance	160	11,084	11,244
Interest and bank charges	1,904	135	2,039
IT services	22,000	12,563	34,563
Dues and memberships	-	5,086	5,086
Office furniture	-	2,181	2,181
Office supplies	-	966	966
Platform costs	532	-	532
Postage and shipping	-	565	565
Accounting	-	26,875	26,875
Legal	-	4,119	4,119
Investment mangement fees	-	6,780	6,780
Professional services: Program Contractors	3,245,318	-	3,245,318
Professional services: Other	418,970	6,128	425,098
Program supplies	23,515	-	23,515
Rent	-	51,468	51,468
Travel	65,778	(70)	65,708
Meals and Meetings	1,554	-	1,554
Advertising	22	302	324
Utilities	-	8,239	8,239
Vendor subscriptions	6,151,047	-	6,151,047
Miscellaneous expenses	-	2,553	2,553
Indirect cost allocation	95,013	(95,013)	-
Total expenses before depreciation	10,183,441	695,967	10,879,408
Depreciation	-	4,460	4,460
Total expenses	$ 10,183,441	$ 700,427	$ 10,883,868

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

Califa Group
Statement of Functional Expenses
For the year ended June 30, 2024

Account Description	Program Services	Management and General	Total
Salaries	$ -	$ 503,228	$ 503,228
Employee benefits	-	265,822	265,822
Business license fees and taxes	-	854	854
Event expenses	1,500	-	1,500
General insurance	-	13,105	13,105
Interest and bank charges	-	2,071	2,071
IT services	-	39,093	39,093
Membership dues	-	5,961	5,961
Office Expense	-	1,095	1,095
Office furniture	-	250	250
Platform costs	1,106	-	1,106
Postage	-	498	498
Accounting	-	58,151	58,151
Legal	-	569	569
Professional services: Program Contractors	1,932,533	-	1,932,533
Professional services: Other	-	423,217	423,217
Program supplies	270,799	-	270,799
Reimbursable from members - CENIC	12,469	-	12,469
Rent	-	51,101	51,101
Advertising	-	260	260
Travel and meetings	104,969	-	104,969
Utilities	-	8,663	8,663
Vendor Pass-thru expenses	4,961,159	-	4,961,159
Meals	3,914	-	3,914
Miscellaneous expenses	-	1,269	1,269
Total expenses before depreciation	7,288,449	1,375,207	8,663,656
Depreciation	-	4,596	4,596
Total expenses	$ 7,288,449	$ 1,379,803	$ 8,668,252

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

Califa Group

Statement of Cash Flows

June 30, 2025

(with comparative balances for June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members for membership and workshop fees	$ 349,811	$ 287,469
Receipts from members for goods and services	5,168,352	5,850,024
Receipts from the State of California for grants	3,744,512	2,824,573
Payments to vendors for services and supplies	(10,884,297)	(8,724,494)
Net cash provided by operating activities	(1,621,622)	237,572
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of fixed assets	-	(2,556)
Net cash used by capital and related financing activities	-	(2,556)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	186,526	101,302
Net increase in cash	(1,435,096)	336,318
CASH AND INVESTMENTS:		
Beginning of year	4,654,699	4,318,381
End of year	$ 3,219,603	$ 4,654,699
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ (280,601)	$ (270,685)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,460	4,596
Interest income	(180,633)	(115,338)
Net realized and unrealized (gain) losses from change in fair value of investments	(27,478)	(77,283)
Changes in operating assets and liabilities:		
Accounts receivable	(201,668)	(331,677)
Grants receivable	-	131,412
Accounts payable	(37,302)	1,251
Prepaid items	32,413	(62,089)
Unearned revenue	(930,813)	957,385
Net cash provided by operating activities	$ (1,621,622)	$ 237,572
Supplemental disclosures		
Advertising	$ 324	$ 260
Noncash contributions	$ -	$ -

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

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1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Summary of Group

The Califa Group (Group) is a non-profit corporation as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes. It was formed in November 6, 2003 that began operations on July 1, 2004, designed to provide member-enhanced, value-added services to all California libraries. On behalf of its members, Califa brokers and facilitates the delivery of products and services for those libraries. Califa sponsors statewide projects and receives substantially all of its funding from California libraries through membership fees with certain portions of its funding originating with the State and Federal governments and private foundations.

Program and Supporting Services

Management and General – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Group's program strategy through the Executive Director; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Group; and manage the financial and budgetary responsibilities of the Group.

Comparative Financial Information

The accompanying 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 accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents, and restricted cash consist of cash held in a checking account and certificate of deposits with Boston Private Bank & Trust Company and in an investment pool managed by the State of California named the Local Agency Investment Fund (LAIF).

Financial instruments that potentially expose the Group to concentrations of credit and market risk consist primarily of cash and certificate of deposits in Boston Private Bank & Trust Company and LAIF. Cash and certificate of deposits are maintained at high quality financial institutions and credit exposure is limited at any one institution. The Group has not experienced any losses on its cash equivalents. The Group’s investments do not represent significant concentrations of market risk inasmuch as the Group’s investment portfolio is adequately diversified among issuers, industries, and geographic regions through Boston Private Bank & Trust Company and LAIF.

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash, Cash Equivalents, and Restricted Cash, Continued

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

	June 30, 2025	June 30, 2024
Cash and cash equivalents - without donor restriction	$ 3,219,603	$ 4,318,381

Receivables and Credit Policies

Accounts receivable consist primarily of fees from member libraries. At June 30, 2025 and 2024, the amounts were $750,241 and $548,573, respectively.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statement of financial position. Contract liabilities are reported as unearned revenue in the accompanying statements of financial position.

Property and Equipment

Purchased property and equipment are carried at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. It is the policy of the Group to capitalize property and equipment over $500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. Replacements and capital improvements are added to property and equipment.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2025.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment gain/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, 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 (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Revenue and Revenue Recognition

Contributions are recognized when a donor makes a promise to give to the Group, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net position if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net position depending on the nature of the restrictions.

As presented in the Statement of Activities on Page 6, the primary source of revenue is received from the Federal Government and State of California with the detail grant classifications.

Contributed Services

Donated services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, 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 Group. Many individuals volunteer their time and perform a variety of tasks that assist the Group in providing program services, administration and development. These services do not meet the criteria for recognition as contributed services as defined above.

Advertising Costs

Advertising costs are expensed as incurred in amount of $260 and $1,017 during the years ended June 30, 2025 and 2023, respectively.

Functional Allocation of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes

The Group is organized as a California nonprofit public benefit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as Organizations described in IRC Section 501(c)(3), which qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The Group is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Group is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	Balance as of June 30, 2025	Balance as of June 30, 2024
Cash and cash equivalents	$ 2,399,566	$ 3,904,134
Investments	820,037	750,565
Accounts receivable	750,241	548,573
Interest receivable	23,530	29,423
	$ 3,993,374	$ 5,232,695

The Group's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC). The FDIC currently insures the first $250,000 of the Group's Cash at each financial institution.

3. FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Group reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

3. FAIR VALUE MEASUREMENTS AND DISCLOSURES

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Group can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Group develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of our investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The Group has no Level 2 or Level 3 investments.

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market (at cost)	$ 20,143	$ -	$ -	$ -
Exchange traded funds	659,851	659,851	-	-
Mutual funds	140,043	140,043	-	-
	$ 820,037	$ 799,894	$ -	$ -

4. PROPERTY AND EQUIPMENT

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance Jul 1, 2024	Additions	Adjustments/ Retirements	Balance Jun 30, 2025
Computers and Furniture	$ 33,700	$ -	$ -	$ 33,700
Total cost	33,700	-	-	33,700
Less: accumulated depreciation	(22,573)	(4,460)	-	(27,033)
Net book value	$ 13,167	$ (4,460)	$ -	$ 6,667

Depreciation was $4,460 for the fiscal year ended June 30, 2025.

5. DEFINED CONTRIBUTION PENSION PLAN

All qualified Group employees participate in the Section 401 (a) qualified defined contribution pension plan as allowed under the Internal Revenue Code. The plan type sponsored by the Group is a Money Purchase Plan. This plan is a defined contribution retirement plan in which the employer's contribution is nondiscretionary and is based on a formula that is not related to profits. The plan sponsor guarantees no benefit and bears no investment risk while the plan participants bear all investment risk and have no guaranteed level of benefits. An administrative committee comprised of Group personnel governs the plan.

Eligible employees begin participating the first day of their employment. The plan is entirely funded by Group contributions of 7.5% of the participant's gross pay, which vests fully and immediately for participants. Plan provisions and contribution requirements are established and may be amended by the Group. Participants are eligible to begin receiving benefits at age 62.

The Group's payroll for employees covered by the plan for the year ended June 30, 2025, was $525,656. Total employee contributions paid by the Group amounted to $41,221 or 7.8% of covered payroll. All of the Group's employees are covered by the plan.

6. UNEARNED REVENUE

Amounts recorded to unearned revenue in the amount of $2,870,666 consisted of balances related to income, reimbursements, grants, and deposits for the next fiscal year, which have not yet been earned.

7. NET ASSETS

Net assets consist of amounts without donor restrictions. Without donor restrictions amounts reflect balances available for current operations of $2,240,975.

8. OTHER UNRESTRICTED REVENUES - GOVERNMENT GRANTS

As presented in the Statement of Activities on Page 6, the primary source of revenue is received from the Federal Government and State of California with the detail grant classifications as follows:

Unrestricted Revenues:		
Federal:		
California Revealed	$	1,250,078
Play Café		10,920
IMLS Inclusive Data		21,602
IMLS Second Responders		87,236
IMLS Makerspace		100,078
OPEN+ Year 2		42,899
IMLS Building Radical Empathy		19,845
IMLS Creative Aging		223,180
eBooks for All		1,560,042
Civil Liberties		27,588
IMLS Fostering Empathy		33,606
Indirect rate		137,550
Total Federal Grants:		3,514,624
Special:		
Nevada State Library - Sandi Project		208,989
Califa -system operations		20,899
Total Special Grants:		229,888
Total Government Grants	$	3,744,512

9. CONTINGENT LIABILITIES

The Group's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Group has no provision for the possible disallowance of program costs on their financial statements.

10. FEDERAL GRANTS AND CONTRACTS

Grants and contracts awarded by federal and other sponsors, which are generally considered non-exchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreement are met.

Substantially all federal grants and contracts are subject to financial and compliance audits by the grantor agencies of the federal government. Disallowances, if any, as a result of these audits may become liabilities of the Group. The Group management believes that no material disallowances will result from audits by the grantor agencies.

11. NEW PRONOUNCEMENTS

On March 27, 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2023-02, *Investments—Equity Method and Joint Ventures (Topic 323)—Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*. The amendments expand the use of the proportional amortization method to all qualifying tax credit structures. This guidance is effective for fiscal years beginning after December 15, 2024. The Group is currently evaluating the impact of the adoption of this Update on its financial statements.

On June 30, 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2022-03, *Fair Value Measurement (Topic 820)—Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The amendments clarify that contractual sale restrictions should not be considered in the measurement of fair value of equity securities and require additional disclosures for such restrictions. This guidance is effective for fiscal years beginning after December 15, 2024. The Group is currently evaluating the impact of the adoption of this Update on its financial statements.

On August 8, 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2023-05, *Business Combinations—Joint Venture Formations (Subtopic 805-60)*. The amendments establish recognition and initial measurement guidance for joint ventures upon formation, requiring a joint venture to initially measure its assets and liabilities at fair value. This guidance is effective for joint venture formations with a formation date on or after January 1, 2025. The Group is currently evaluating the impact of the adoption of this Update on its financial statements.

On November 27, 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2023-07, *Segment Reporting (Topic 280)—Improvements to Reportable Segment Disclosures*. The amendments enhance disclosure requirements for reportable segments, including expanded disclosures of significant segment expenses and interim segment information. This guidance is effective for fiscal years beginning after December 15, 2023. The adoption of this Update did not have a material impact on the Group's financial statements.

On December 13, 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60)*. The amendments require certain crypto assets to be measured at fair value with changes recognized in net income and expand related disclosure requirements. This guidance is effective for fiscal years beginning after December 15, 2024. The Group is currently evaluating the impact of the adoption of this Update on its financial statements.

12. SUBSEQUENT EVENTS

The Group has evaluated subsequent events from their year-end June 30, 2025, through January 30, 2026, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or additional disclosure within the financial statements.

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FEDERAL SUPPLEMENTARY REPORTS

Califa Group
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identification Number		Federal Expenditures
National Foundation on the Arts and the Humanities				
Pass-through programs from the California State Library -				
State Library Program:				
CA REVEALED 24/25	45.310	LS-C-23-01	$	1,250,078
Civil Liberties 24/25	45.310	CIV-21-3-14		27,588
eBOOKS FOR ALL 24/25	45.310	LS-C-24-08		1,012,247
eBOOKS FOR ALL 23/24	45.310	LS-C-23-09		547,795
Total State Library Program				2,837,708
Direct Award				
IMLS 2ND RESPONDERS 24/25	45.313			84,955
IMLS Building Radical Empathy 24/25	45.313			14,559
IMLS Creative Aging 24/25	45.313			222,540
IMLS Fostering Empathy 24/25	45.313			33,606
IMLS Inclusive Data 24/25	45.313			21,602
IMLS MAKERSPACE 24/25	45.313			95,127
Total Direct Award				472,389
Total Federal Expenditures			$	3,310,097

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this supplementary information.

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Group and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule is presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST ELECTION

Califa has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

<u>REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*</u>

Independent Auditor's Report

Governing Board
Califa Group
San Francisco, California

We have audited 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, the financial statements of Califa Group (Group), which comprise the statement of financial position as of June 30, 2025, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Group's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Accordingly, we do not express an opinion on the effectiveness of the Group's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Group's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JJACPA, Inc.

January 30, 2026

JJACPA, Inc.
Dublin, CA

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Independent Auditor's Report

Governing Board
Califa Group
San Francisco, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Califa Group's (Group) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Group's major federal programs for the year ended June 30, 2025. The Group's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Group complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Group and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Group's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Group's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Group's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Group's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Group's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Group's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

JJACPA, Inc.

January 30, 2026

JJACPA, Inc.
Dublin, CA

Califa Group
Schedule of Findings and Questioned Costs
For the year ended June 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
#45.310	State Library Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – Status of Prior Year Audit Findings

No prior year audit findings.

Section V – Corrective Action Plan

There were neither current year findings nor questioned costs (see Section III above).