RISING SUN CENTER FOR OPPORTUNITY
(FORMERLY KNOWN AS RISING SUN ENERGY CENTER)
(A NONPROFIT ORGANIZATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018)

HEALY AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT

CONTENTS

H E A L Y   A N D   A S S O C I A T E S
C E R T I F I E D   P U B L I C   A C C O U N T A N T

INDEPENDENT AUDITOR'S REPORT

May 28, 2020

Board of Directors
Rising Sun Center for Opportunity
Oakland, California

Report on the Financial Statements
I have audited the accompanying financial statements of Rising Sun Center for Opportunity (formerly known as Rising Sun Energy Center) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1200 CONCORD AVENUE, SUITE 250, CONCORD, CA 94520 • (925) 603-0800 • (925) 603-0804 FAX

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rising Sun Center for Opportunity as of December 31, 2019, 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.

Other Matters

Report on Summarized Comparative Information

The Rising Sun Energy Center's 2018 financial statements were audited by me, and I expressed an unmodified audit opinion on those audited financial statements in my report dated April 26, 2019. In my opinion, the summarized information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Healy and Associates

Healy and Associates
Concord, California

RISING SUN CENTER FOR OPPORTUNITY
(FORMERLY KNOWN AS RISING SUN ENERGY CENTER)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018)

	December 31	
	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,784,666	$ 1,451,747
Accounts receivable	340,526	444,767
Inventory	4,299	4,299
Investments	-	4,450
Prepaid expenses	28,991	12,042
TOTAL CURRENT ASSETS	2,158,482	1,917,305
Fixed assets, net	2,688,556	2,672,146
Deposits	1,573	1,573
TOTAL ASSETS	$ 4,848,611	$ 4,591,024
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 189,556	$ 231,480
Note payable - current portion	44,756	28,710
TOTAL CURRENT LIABILIITES	234,312	260,190
Note payable, long-term portion	1,796,055	1,855,069
TOTAL LIABILITIES	2,030,367	2,115,259
Commitments and contingencies		
NET ASSETS		
Without donor restrictions:		
Undesignated	1,818,914	1,302,435
Board designated	928,330	928,330
	2,747,244	2,230,765
With donor restrictions	71,000	245,000
TOTAL NET ASSETS	2,818,244	2,475,765
TOTAL LIABILITIES AND NET ASSETS	$ 4,848,611	$ 4,591,024

RISING SUN CENTER FOR OPPORTUNITY
(FORMERLY KNOWN AS RISING SUN ENERGY CENTER)
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Year Ended December 31 2019	Year Ended December 31 2018
SUPPORT AND REVENUE				
Government and utility contracts	$ 795,014	$ -	$ 795,014	$ 1,163,341
Corporate contract	3,000,000	-	3,000,000	2,339,529
Contributions and awards	529,440	71,000	600,440	669,627
Partner contracts	34,753	-	34,753	940
In-kind donations	95,099	-	95,099	129,091
Other income	35,580	-	35,580	19,443
Net assets released from restrictions	245,000	(245,000)	-	-
Total Support and Revenue	4,734,886	(174,000)	4,560,886	4,321,971
EXPENDITURES				
Program	3,008,894	-	3,008,894	2,757,452
General and administration	929,088	-	929,088	834,322
Fundraising	280,425	-	280,425	320,035
Total Expenses	4,218,407	-	4,218,407	3,911,809
Change in net assets	516,479	(174,000)	342,479	410,162
NET ASSETS, beginning of year	2,230,765	245,000	2,475,765	2,065,603
NET ASSETS, end of year	$ 2,747,244	$ 71,000	$ 2,818,244	$ 2,475,765

RISING SUN CENTER FOR OPPORTUNITY
(FORMERLY KNOWN AS RISING SUN ENERGY CENTER)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)

	Program	General and Administrative	Fundraising	Year Ended December 31 2019	Year Ended December 31 2018
Personnel Costs:					
Salaries	$ 1,802,094	$ 301,004	$ 184,020	$ 2,287,118	$ 2,130,194
Employee taxes and benefits	329,422	114,774	26,246	470,442	341,585
	2,131,516	415,778	210,266	2,757,560	2,471,779
Operating Expenses:					
Professional fees and contractors	186,203	118,743	23,914	328,860	350,256
Materials and supplies	232,795	11,651	1,616	246,062	290,972
Occupancy	114,229	44,153	-	158,382	166,148
Transportation	102,195	1,618	584	104,397	78,511
In-kind expenses	-	88,126	1,729	89,855	129,091
Interest Expense	-	86,001	-	86,001	51,391
Licenses, fees and taxes	48,501	29,212	3,623	81,336	25,564
Insurance	35,970	43,698	792	80,460	46,646
Equipment rental and maintenance	67,443	257	-	67,700	62,262
Miscellaneous	37,002	21,177	2,561	60,740	113,084
Marketing	26,477	492	33,512	60,481	54,128
Depreciation	-	54,088	-	54,088	27,988
Communications	9,340	4,587	840	14,767	11,432
Office supplies	4,627	5,214	986	10,827	15,300
Printing and copying	7,789	1,779	2	9,570	6,477
Travel	4,807	2,514	-	7,321	6,873
Membership and subscriptions	-	-	-	-	3,907
	877,378	513,310	70,159	1,460,847	1,440,030
TOTAL EXPENSES	$ 3,008,894	$ 929,088	$ 280,425	$ 4,218,407	$ 3,911,809

RISING SUN CENTER FOR OPPORTUNITY
(FORMERLY KNOWN AS RISING SUN ENERGY CENTER)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)

	Year Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 342,479	$ 410,162
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	54,088	27,988
	396,567	438,150
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
Accounts receivable	104,241	(142,072)
Prepaid expenses	(16,949)	80,710
Inventory	-	(942)
Deposits	-	15,742
Accounts payable and accrued expense	(41,924)	60,475
NET CASH PROVIDED BY OPERATING ACTIVITIES	441,935	452,063
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(70,498)	(2,693,688)
Change in investments	4,450	282,929
NET CASH USED BY INVESTING ACTIVITIES	(66,048)	(2,410,759)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowing on note payable	-	1,912,500
Repayment on note payable	(42,968)	(28,721)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(42,968)	1,883,779
NET CHANGE IN CASH	332,919	(74,917)
CASH AND CASH EQUIVALENTS, beginning of year	1,451,747	1,526,664
CASH AND CASH EQUIVALENTS, end of year	$ 1,784,666	$ 1,451,747
SUPPLEMENTAL INFORMATION:		
Interest paid	$ 86,001	$ 51,391

NOTE A – GENERAL AND NATURE OF ACTIVITIES

Rising Sun Center for Opportunity (Organization), formerly Rising Sun Energy Center, is a California nonprofit public benefit corporation established in 1994. Their mission is to empower individuals to achieve environmental and economic sustainability for themselves and their communities. They have locations in Oakland and Stockton, California.

The Organization operates two main programs:

> Climate Careers (CC), formerly California Youth Energy Services, is the youth development and employment program. The CC program is a youth development program with an emphasis on job development skills and communities' ability to withstand and mitigate climate change. The CC program has a core earn-and-learn component, in which CC sets up offices in cities throughout Northern California, hires and trains local youth, and through those youth, provides no-cost energy and water efficiency services (including the installation of measures such as LED light bulbs and efficient shower heads) to residents throughout the area.
>
> Opportunity Build (OB), formerly Green Energy Training Services, provides job training, case management, and job placement support to low-income adults with barriers to employment. Participants go through an intensive, nine-week, hands-on training program in which they learn hard- and soft-skills that prepare them for successful apprenticeship job opportunities in the trades. Following the training program, participants receive supportive services from Rising Sun Center for Opportunity for up to one year. The OB program works extensively with the re-entry population.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method and Basis of Presentation

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Method and Basis of Presentation (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Estimates
In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates and those differences could be material.

Cash and Cash Equivalents
Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts Receivable
The Organization evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. Management did not consider an allowance for doubtful accounts necessary as of December 31, 2019.

Investments
Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statement of activities.

Inventory
Inventory is comprised of program-related merchandise held for sale and is stated at the lower of cost or market determined by the first-in first-out method. No allowance for obsolescence was deemed necessary by the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Organization's financial instruments include cash, cash equivalents, and investments measured as noted below using Level 1. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

> **Level 1**— Quoted prices for identical assets and liabilities in active markets.
> **Level 2**—Observable inputs other than Level 1, which include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
> **Level 3**— Unobservable inputs that cannot be corroborated by observable market data.

Fixed Assets

Fixed asset additions are recorded at cost, less accumulated depreciation. Property and equipment acquisitions $2,000 and greater are capitalized and depreciated over their respective useful lives which range from 5 to 39 years. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

Tax Exemption Status

The Organization has received tax exempt status under section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition
The Organization is supported primarily through corporate and government contracts, in addition to contributions from foundations and individuals.

Revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided.

In accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities,* contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As permitted by ASC 958, donor-restricted contributions whose restrictions are met in the same year may be reported as unrestricted support.

Donated Equipment, Supplies and Services (In-kind)
The Organization receives goods and services, which are donated for carrying out the mission of the Organization. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. The Organization received $95,099 and $129,091 in donated goods and services during the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses
The costs of program activities and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited (either based upon square footage or personnel time records.)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information and Reclassifications
The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets. 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 our audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Change in Accounting Principles
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requires organizations to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the organization expects to be entitled to in exchange for those goods and services. The Organization adopted the standard on January 1, 2019. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

In June 2018, the FASB issued ASU No. 2018-08 – Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all organizations that receive or make contributions. The ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional, which may impact the timing of revenue recognition. Under the new guidance, if a transaction is considered an exchange transaction, it is accounted for under the applicable revenue recognition standards. The Organization adopted the standard on January 1, 2019. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

Relevant Accounting Pronouncements
In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Relevant Accounting Pronouncements (Continued)

require transition accounting for leases that expire prior to the date of initial application. The Organization is currently evaluating the impact of adopting this new guidance on its financial statements.

NOTE C – CONCENTRATIONS

The Organization's cash and cash equivalents are held primarily by two financial institutions. The amounts for the years ended December 31, 2019 and 2018, in excess of FDIC insurance, were approximately $1,286,567 and $951,319, respectively. To date, the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

During the years ended December 31, 2019 and 2018, the Organization received approximately 68% and 54% of its revenue from two funders (34% each) and one funder, respectively. The loss of this funding could have an impact on the results of operations for the Organization.

In addition, 50% and 68% of accounts receivable at December 31, 2019 and 2018 are due primarily from three funders (21%, 15%, and 14%) and two funders (54% and 14%), respectively. The Organization has no allowance for doubtful accounts as it expects to receive full payment on all outstanding accounts receivable.

NOTE D – INVESTMENTS

Activity for investment accounts for the year ended December 31, 2019, is as follows:

Beginning balance	$ 4,450
Interest and dividend income	128
Withdrawals	(4,578)
Ending balance	$ -

NOTE E – LIQUIDITY AND AVAILABILITY

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

Cash	$ 1,784,666
Accounts Receivable	269,207
Total Financial Assets	2,053,873
Less:	
Amounts not available to be used within one year	(71,000)
Board designated net assets	(928,330)
	$ 1,054,543

As part of the Organization's liquidity management, the organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has committed lines of credit in the amount of $400,000, which it could draw upon.

NOTE F– FIXED ASSETS

Depreciation expense for the year ended December 31, 2019 and 2018, was $54,088 and $27,988, respectively. At December 31, fixed assets consists of the following:

	2019	2018
Land	$1,113,200	$1,113,200
Building and improvements	1,558,978	1,553,294
Furniture and fixtures	92,532	27,719
Vehicles	9,063	9,063
	2,773,773	2,703,276
Less: Accumulated depreciation	(85,217)	(31,130)
Total fixed assets	$2,688,556	$2,672,146

NOTE G – LINE OF CREDIT

The Organization has a $400,000 revolving line of credit. The interest rate is prime plus .75% with a minimum of 5%. The line matures August 1, 2020. At December 31, 2019 and 2018, the line balance was $0.

NOTE H – NOTE PAYABLE

In May 2018, the Organization purchased a property in Oakland, California and entered into a note payable with a financial institution. Note payable at December 31, 2019 and 2018, consists of the following:

	2019	2018
Note payable in the amount of $1,912,500, to Wells Fargo Bank, secured by real property, bearing interest at 4.55% per annum, with monthly payments of $10,747, principal and interest payments amortized over twenty-five years but due May 1, 2023.	$ 1,840,811	$ 1,883,779
Less: Current portion of long-term debt	(44,756)	(28,710)
Total Long-Term Debt	$ 1,796,055	$ 1,855,069

The interest expense for the years ended December 31, 2019 and 2018, was $86,001 and $51,391, respectively.

Annual maturities of long-term debt are as follows

Year Ending December 31	Principal
2020	$ 44,756
2021	$ 47,105
2022	$ 49,324
2023	$ 1,699,626

NOTE I – EMPLOYEE BENEFITS

Employees of the Organization are entitled to paid vacation based on length of service and other factors and gain a vested right to accumulated vacation. Accrued vacation payable at December 31, 2019 and 2018, was $69,394 and $83,830, respectively, and is included in the accompanying financial statements.

In addition, employees may participate in a voluntary 403(b) employer sponsored plan. The Organization does not provide any matching contributions for the employees.

NOTE J – COMMITMENTS AND CONTIGENCIES

The Organization leases office space in Stockton, California and temporary satellite space each summer for programs on a month-to-month basis. Rental expense for the year ended December 31, 2019 and 2018, was $91,099 and $126,949, respectively. In addition, the Organization leases office equipment. Future commitments under leases as of December 31, are as follows:

Year Ended	
2020	$ 3,336
2021	$ 3,336
2022	$ 2,502

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

NOTE K – BOARD DESIGNATED RESERVE

During the year ended December 31, 2017, the Board of Directors voted to approve a reserve of $928,330 in net assets without donor restrictions. There was no activity during the fiscal year, thus leaving the balance of $928,330 at December 31, 2019.

NOTE L – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions had the following activity during the year ended December 31, 2019:

Nature of Restriction	12/31/2018	Income	Releases	12/31/2019
Time restriction	$245,000	$ 71,000	$ (245,000)	$ 71,000
Total	$245,000	$ 71,000	$ (245,000)	$ 71,000

NOTE M – RELATED PARTY TRANSACTION

During the year ended December 31, 2018, the Organization engaged the services of individuals related to the Executive Director for construction in their new building. Total amounts paid to related parties is $23,786 for the year ended December 31, 2018.

NOTE N – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for recognition and disclosure through May 28, 2020, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2019 that required recognition or disclosure in the financial statements.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of non-essential businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.