RISING SUN CENTER FOR OPPORTUNITY
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019)

HEALY AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

April 29, 2021

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 (a nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2020, 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.

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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, 2020, 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 Center for Opportunity's 2019 financial statements were audited by me, and I expressed an unmodified audit opinion on those audited financial statements in my report dated May 28, 2020. In my opinion, the summarized information presented herein as of and for the year ended December 31, 2019 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
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)

	December 31	
	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,328,013	$ 1,784,666
Accounts receivable	633,734	274,947
Grants and contributions receivable	10,554	65,579
Inventory	43,768	4,299
Prepaid expenses	32,575	28,991
TOTAL CURRENT ASSETS	3,048,644	2,158,482
Fixed assets, net	2,643,662	2,688,556
Deposits	1,573	1,573
TOTAL ASSETS	$ 5,693,879	$ 4,848,611
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 201,907	$ 189,556
Note payable, current portion	47,109	44,756
TOTAL CURRENT LIABILIITES	249,016	234,312
PPP Grant payable	450,000	-
Note payable, long-term portion	1,748,950	1,796,055
TOTAL LIABILITIES	2,447,966	2,030,367
Commitments and contingencies		
NET ASSETS		
Without donor restrictions:		
Undesignated	2,234,583	1,818,914
Board designated	928,330	928,330
	3,162,913	2,747,244
With donor restrictions	83,000	71,000
TOTAL NET ASSETS	3,245,913	2,818,244
TOTAL LIABILITIES AND NET ASSETS	$ 5,693,879	$ 4,848,611

See Notes to Financial Statements

RISING SUN CENTER FOR OPPORTUNITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Year Ended December 31 2020	Year Ended December 31 2019
SUPPORT AND REVENUE				
Government and utility contracts	$ 212,741	$ -	$ 212,741	$ 795,014
Corporate contract	1,950,345	-	1,950,345	3,000,000
Contributions and awards	808,856	80,500	889,356	600,440
Partner contracts	-	-	-	34,753
In-kind donations	98,228	-	98,228	95,099
Other income	35,110	-	35,110	35,580
Net assets released from restrictions	68,500	(68,500)	-	-
Total Support and Revenue	3,173,780	12,000	3,185,780	4,560,886
EXPENSES				
Program	1,839,099	-	1,839,099	3,008,894
General and administration	683,661	-	683,661	929,088
Fundraising	235,351	-	235,351	280,425
Total Expenses	2,758,111	-	2,758,111	4,218,407
Change in net assets	415,669	12,000	427,669	342,479
NET ASSETS, beginning of year	2,747,244	71,000	2,818,244	2,475,765
NET ASSETS, end of year	$ 3,162,913	$ 83,000	$ 3,245,913	$ 2,818,244

RISING SUN CENTER FOR OPPORTUNITY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	Program	General and Administrative	Fundraising	Year Ended December 31 2020	Year Ended December 31 2019
Personnel Costs:					
Salaries	$ 1,032,590	$ 256,246	$ 156,209	$ 1,445,045	$ 2,287,118
Employee taxes and benefits	259,791	69,520	41,208	370,519	470,442
	1,292,381	325,766	197,417	1,815,564	2,757,560
Operating Expenses:					
Professional fees and contractors	285,685	44,817	12,900	343,402	331,744
In-kind expenses	-	97,628	-	97,628	89,855
Interest Expense	45,971	25,313	12,973	84,257	86,001
Licenses, fees, and taxes	23,164	35,276	4,285	62,725	88,896
Occupancy	31,125	29,771	-	60,896	158,382
Depreciation	-	60,432	-	60,432	54,088
Insurance	8,735	36,487	722	45,944	80,460
Marketing	36,884	187	1,058	38,129	60,481
Communications	20,058	9,511	3,513	33,082	26,070
Stipends	32,465	-	-	32,465	5,617
Office supplies	28,704	2,723	136	31,563	10,827
Miscellaneous	8,753	8,649	2,057	19,459	49,437
Transportation	9,644	300	49	9,993	104,397
Materials and supplies	8,526	1,023	226	9,775	228,176
Other program expenses	5,722	81	15	5,818	53,332
Printing and copying	56	5,288	-	5,344	9,570
Membership and subscriptions	900	409	-	1,309	-
Travel	326	-	-	326	7,321
Equipment rental and maintenance	-	-	-	-	16,193
	546,718	357,895	37,934	942,547	1,460,847
TOTAL EXPENSES	$ 1,839,099	$ 683,661	$ 235,351	$ 2,758,111	$ 4,218,407

RISING SUN CENTER FOR OPPORTUNITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	Year Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 427,669	$ 342,479
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	60,432	54,088
	488,101	396,567
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
Accounts, grants, and contributions receivable	(303,762)	104,241
Prepaid expenses	(3,584)	(16,949)
Inventory	(39,469)	-
Accounts payable and accrued expense	12,351	(41,924)
NET CASH PROVIDED BY OPERATING ACTIVITIES	153,637	441,935
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(15,538)	(70,498)
Change in investments	-	4,450
NET CASH USED BY INVESTING ACTIVITIES	(15,538)	(66,048)
CASH FLOWS FROM FINANCING ACTIVITIES:		
PPP grant funds	450,000	-
Repayment on note payable	(44,752)	(42,968)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	405,248	(42,968)
NET CHANGE IN CASH	543,347	332,919
CASH AND CASH EQUIVALENTS, beginning of year	1,784,666	1,451,747
CASH AND CASH EQUIVALENTS, end of year	$ 2,328,013	$ 1,784,666
SUPPLEMENTAL INFORMATION:		
Interest paid	$ 84,257	$ 86,001

NOTE A – GENERAL AND NATURE OF ACTIVITIES

Rising Sun Center for Opportunity (Organization), formerly known as 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. The Organization has 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, whereby 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, Grants, and Contributions Receivable

Accounts, grants, and contributions receivable are comprised of accounts receivable from contract earnings and promises to give expected to be received within one year at their net realizable value. 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, 2020.

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 materials and supplies 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 and cash equivalents 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 are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1— Quoted prices for identical assets in active markets.
Level 2—Observable inputs other than Level 1, which include quoted prices for similar assets 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.

The Organization earns revenue from cell tower rental income. No provision for income tax has been made on that income however it is not believed to be material.

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.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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

A portion of the Organization’s revenue is derived from cost-reimbursable grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant or contract provisions. The Organization has $583,092 in cost-reimbursement grants and contracts that have not been recognized at December 31, 2020 because performance requirements have not been met and/or qualifying expenditures have not yet been incurred. No amounts have been received in advance under the cost-reimbursable grants and contracts.

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 $98,228 and $95,099 in donated goods and services during the years ended December 31, 2020 and 2019, 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 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, 2019, from which the summarized information was derived.

Relevant Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The new standard establishes a comprehensive new lease accounting model. The standard clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. It is effective for financial statements issued for fiscal years beginning after December 15, 2021, 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 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, 2020 and 2019, in excess of FDIC insurance, were approximately $1,829,608 and $1,286,567, 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, 2020 and 2019, the Organization received approximately 53% and 68% of its revenue from two funders (27% and 26%) and (34% each), respectively. The loss of this funding could have an impact on the results of operations for the Organization.

In addition, 77% and 50% of accounts receivable at December 31, 2020 and 2019 are due primarily from three funders (37%, 24%, and 16%) and (21%, 15%, and 14%), respectively.

NOTE D – FIXED ASSETS

Depreciation expense for the year ended December 31, 2020 and 2019, was $60,432 and $54,088, respectively. At December 31, fixed assets consists of the following:

	2020	2019
Land	$1,113,200	$1,113,200
Building and improvements	1,558,978	1,558,978
Furniture and fixtures	108,071	92,532
Vehicles	9,063	9,063
	2,789,312	2,773,773
Less: Accumulated depreciation	(145,650)	(85,217)
Total fixed assets	$2,643,662	$2,688,556

NOTE E – NOTE PAYABLE

In May 2019, the Organization purchased a property in Oakland, California and entered into a note payable with a financial institution. Note payable at December 31, 2020 and 2019, consists of the following:

	2020	2019
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.	$ 1,796,059	$ 1,840,811
Less: Current portion of long-term debt	(47,109)	(44,756)
Total Long-Term Debt	$ 1,748,950	$ 1,796,055

The interest expense for the years ended December 31, 2020 and 2019, was $84,257 and $86,001, respectively.

Annual maturities of long-term debt are as follows

Year Ending December 31	Principal
2021	$ 47,109
2022	$ 49,324
2023	$ 1,699,626

NOTE F – LINE OF CREDIT

The Organization has a $200,000 revolving line of credit. The interest rate is prime plus 2.25% with a minimum of 5%. The line matures November 2021. At December 31, 2020 and 2019, the line balance was $0.

NOTE G – PPP GRANT PAYABLE

In May 2020, the Organization received $450,000 from the Payroll Protection Program, offered through the Small Business Administration, in response to COVID-19. The PPP carries an interest rate of 1% and becomes payable two years after issuance. The Organization plans to seek forgiveness of the small business loan in the fiscal year ended December 31, 2021, however the total amount of forgiveness is not known at December 31, 2020.

NOTE H – 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	$ 2,365,205
Accounts, grants, and contracts receivable	607,096
Total financial assets	2,972,301
Less:	
Amounts not available to be used within one year	(83,000)
Board designated net assets	(928,330)
	$ 1,960,971

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.

The Organization's board-designated funds are $928,330 at December 31, 2020. Although they do not intend to spend from this board-designated fund these amounts could be made available if necessary.

To help manage unanticipated liquidity needs, the Organization has committed lines of credit in the amount of $200,000, which it could draw upon.

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, 2020 and 2019, was $105,162 and $69,394, respectively, and is included in the accompanying financial statements.

In addition, employees may participate in a voluntary 403(b) employer sponsored plan (Plan). During the year ended December 31, 2020, the Organization amended the Plan to allow for discretionary employer matching contributions up to 3%. The matching contributions totaled $18,288 for the year ended December 31, 2020.

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, 2020 and 2019, was $25,484 and $91,099, respectively. In addition, the Organization leases office equipment. Future commitments under leases as of December 31, are as follows:

Year Ended	
2021	$ 20,634
2022	$ 2,498

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.

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.

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, 2020.

NOTE L – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions had the following activity during the year ended December 31, 2020:

Nature of Restriction	12/31/2019	Income	Releases	12/31/2020
Time restriction	$ 71,000	$ 80,500	$ (68,500)	$ 83,000
Total	$ 71,000	$ 80,500	$ (68,500)	$ 83,000

NOTE M – SUBSEQUENT EVENTS

In March 2021, the Organization received funding of $331,764 under the second round of the Payroll Protection Program.

The Organization applied for full forgiveness of the Payroll Protection Program funding of $450,000 from fiscal 2020.

The Organization has evaluated subsequent events for recognition and disclosure through April 29, 2021, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2020 that required recognition or disclosure in the financial statements.