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

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020)

HEALY AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

July 1, 2022

Board of Directors
Rising Sun Center for Opportunity
Oakland, California

Opinion

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, 2021, 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 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, 2021, and the changes in 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Rising Sun Center for Opportunity and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Rising Sun Center for Opportunity's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

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standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 Rising Sun Center for Opportunity'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rising Sun Center for Opportunity's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Summarized Comparative Information

I have previously audited Rising Sun Center for Opportunity’s 2020 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated April 29, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

	December 31	
	2021	2020
ASSETS		(restated)
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,386,698	$ 2,328,013
Accounts receivable	1,122,005	633,734
Grants and contributions receivable	255,000	10,554
Inventory	39,844	43,768
Prepaid expenses	35,432	32,575
TOTAL CURRENT ASSETS	4,838,979	3,048,644
Fixed assets, net	2,624,985	2,643,662
Deposits	1,573	1,573
TOTAL ASSETS	$ 7,465,537	$ 5,693,879
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 266,466	$ 201,907
Sabbatical benefit	76,748	68,947
Note payable, current portion	42,559	47,109
TOTAL CURRENT LIABILIITES	385,773	317,963
PPP loan payable	331,764	450,000
Note payable, long-term portion	1,737,620	1,748,950
TOTAL LIABILITIES	2,455,157	2,516,913
Commitments and contingencies		
NET ASSETS		
Without donor restrictions:		
Undesignated	3,447,050	2,165,636
Board designated	928,330	928,330
	4,375,380	3,093,966
With donor restrictions	635,000	83,000
TOTAL NET ASSETS	5,010,380	3,176,966
TOTAL LIABILITIES AND NET ASSETS	$ 7,465,537	$ 5,693,879

RISING SUN CENTER FOR OPPORTUNITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	Year Ended December 31 2021	2020
SUPPORT AND REVENUE				
Government contracts and awards	$ 1,887,732	$ -	$ 1,887,732	$ 212,741
Corporate contracts	1,422,295	-	1,422,295	1,950,345
Contributions and awards	600,048	632,500	1,232,548	889,356
Gain on forgiveness of PPP loan	450,000	-	450,000	-
In-kind donations	111,148	-	111,148	98,228
Other income	26,178	-	26,178	35,110
Net assets released from restrictions	80,500	(80,500)	-	-
Total Support and Revenue	4,577,901	552,000	5,129,901	3,185,780
EXPENSES				
Program	2,137,503	-	2,137,503	1,839,099
General and administration	814,356	-	814,356	683,661
Fundraising	344,628	-	344,628	235,351
Total Expenses	3,296,487	-	3,296,487	2,758,111
Change in net assets	1,281,414	552,000	1,833,414	427,669
NET ASSETS, beginning of year, as previously stated	3,162,913	83,000	3,245,913	2,818,244
Prior period adjustment	(68,947)	-	(68,947)	-
NET ASSETS, beginning of year, restated	3,093,966	83,000	3,176,966	2,818,244
NET ASSETS, end of year	$ 4,375,380	$ 635,000	$ 5,010,380	$ 3,245,913

See Notes to Financial Statements

RISING SUN CENTER FOR OPPORTUNITY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Program	General and Administrative	Fundraising	Year Ended December 31 2021	2020
Personnel Costs:					
Salaries	$ 1,180,938	$ 339,760	$ 237,368	$ 1,758,066	$ 1,445,045
Employee taxes and benefits	320,435	101,587	68,110	490,132	370,519
Total personnel	1,501,373	441,347	305,478	2,248,198	1,815,564
Operating Expenses:					
Professional fees and contractors	283,870	53,390	9,132	346,392	343,402
In-kind expenses	-	99,006	3,340	102,346	97,628
Interest Expense	49,789	17,628	11,671	79,088	84,257
Materials and supplies	72,867	812	1,318	74,997	9,775
Depreciation	-	64,888	-	64,888	60,432
Occupancy	29,232	35,588	4	64,824	60,896
Marketing	46,522	3,430	2,295	52,247	38,129
Office supplies	42,720	2,578	306	45,604	31,563
Miscellaneous	11,017	30,435	1,069	42,521	19,459
Insurance	11,193	30,511	683	42,387	45,944
Licenses, fees, and taxes	17,928	14,384	5,399	37,711	62,725
Communications	21,360	10,605	3,928	35,893	33,082
Stipends	23,285	-	-	23,285	32,465
Equipment rental and maintenance	19,675	3,227	-	22,902	-
Printing and copying	5	5,280	-	5,285	5,344
Other program expenses	4,456	-	-	4,456	5,818
Transportation	2,196	968	-	3,164	9,993
Membership and subscriptions	15	279	5	299	1,309
Travel	-	-	-	-	326
Total operating	636,130	373,009	39,150	1,048,289	942,547
TOTAL EXPENSES	$ 2,137,503	$ 814,356	$ 344,628	$ 3,296,487	$ 2,758,111

RISING SUN CENTER FOR OPPORTUNITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Year Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,833,414	$ 427,669
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on forgiveness of PPP loan	(450,000)	-
Depreciation	64,888	60,432
	1,448,302	488,101
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
Accounts, grants, and contributions receivable	(732,717)	(303,762)
Prepaid expenses	(2,857)	(3,584)
Inventory	3,924	(39,469)
Accounts payable and accrued expense	64,559	12,351
Sabbatical benefit	7,801	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	789,012	153,637
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(46,211)	(15,538)
NET CASH USED BY INVESTING ACTIVITIES	(46,211)	(15,538)
CASH FLOWS FROM FINANCING ACTIVITIES:		
PPP loan funds	331,764	450,000
Repayment on note payable	(15,880)	(44,752)
NET CASH PROVIDED BY FINANCING ACTIVITIES	315,884	405,248
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,058,685	543,347
CASH AND CASH EQUIVALENTS, beginning of year	2,328,013	1,784,666
CASH AND CASH EQUIVALENTS, end of year	$ 3,386,698	$ 2,328,013
SUPPLEMENTAL INFORMATION:		
Interest paid	$ 79,088	$ 84,257

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, 2021.

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 as management has determined the amount of tax is not significant or material to these financial statements taken as a whole.

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 $2,112,022 in cost-reimbursement grants and contracts that have not been recognized as of December 31, 2021, 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 $111,148 and $98,228 in donated goods and services during the years ended December 31, 2021 and 2020, 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, 2020, 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. It 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 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 and $1,505 on deposit without insurance. The amounts for the years ended December 31, 2021 and 2020, in excess of FDIC insurance or without insurance, were approximately $2,467,509 and $1,829,608, 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, 2021 and 2020, the Organization received approximately 40% and 53% of its revenue from two funders (29% and 11%) and (27% and 26%), respectively. The loss of this funding could have an impact on the results of operations for the Organization.

In addition, 52% and 77% of accounts receivable at December 31, 2021 and 2020 are due primarily from two funders (34% and 18%) and three funders (37%, 24%, and 16%), respectively.

NOTE D – FIXED ASSETS

Depreciation expense for the year ended December 31, 2021 and 2020, was $64,888 and $60,432, respectively. At December 31, fixed assets consists of the following:

	2021	2020
Land	$1,113,200	$1,113,200
Building and improvements	1,573,430	1,558,978
Furniture and fixtures	139,830	108,071
Vehicles	9,063	9,063
	2,835,523	2,789,312
Less: Accumulated depreciation	(210,538)	(145,650)
Total fixed assets	$2,624,985	$2,643,662

NOTE E – LINE OF CREDIT

The Organization has a $400,000 revolving line of credit. The interest rate is 1% over the index (3.25% at loan date), with a minimum rate of 4.5%. The line matures July 2022. At December 31, 2021 the line balance was $0.

NOTE F – NOTE PAYABLE

In May 2018, the Organization purchased a property in Oakland, California and entered into a note payable with a financial institution. During the year ended December 31, 2021, the Organization refinanced the note. Note payable at December 31 consists of the following:

	2021	2020
Note payable in the amount of $1,800,000, to Heritage Bank, secured by real property, bearing interest at 3.45% per annum, with monthly payments of $9,012, principal and interest payments amortized over twenty-five years but due July 12, 2031.	$ 1,780,179	$ -
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
Less: Current portion of long-term debt	(42,559)	(47,109)
Total Long-Term Debt	$ 1,737,620	$ 1,748,950

NOTE F – NOTE PAYABLE (Continued)

The interest expense for the years ended December 31, 2021 and 2020, was $79,088 and $84,257 , respectively. Annual maturities of long-term debt are as follows

Year Ending December 31	Principal
2022	$ 42,559
2023	$ 48,238
2024	$ 49,788
2025	$ 51,723
2026	$ 53,561
2027 and beyond	$ 1,534,310

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. During the year ended December 31, 2021, the Organization applied for forgiveness of the Payroll Protection Program funding of $450,000. Formal forgiveness was received of the full $450,000 in June 2021. The gain on forgiveness of the loan is reflected in the accompanying statement of activities.

In March 2021, the Organization received funding of $331,764 under the second round of the Payroll Protection Program. The PPP carries an interest rate of 1% and becomes payable five years after issuance. The Organization plans to seek forgiveness of the small business loan in the fiscal year ended December 31, 2022, however the total amount of forgiveness is not known at December 31, 2021.

NOTE H – 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, 2021 and 2020, was $116,003 and $105,162, 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 $35,824 and $18,288 for the years ended December 31, 2021 and 2020, respectively.

NOTE H – EMPLOYEE BENEFITS (Continued)

The Organization offers a sabbatical benefit of forty (40) continuous working days after seven years continuous, permanent, full-time employment to employees. The expense is $7,801 for the year ended December 31, 2021 and the liability accrued is $76,748 at December 31, 2021.

NOTE I – 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	$ 3,386,698
Accounts, grants, and contracts receivable	1,377,005
Total financial assets	4,763,703
Less:	
Amounts not available to be used within one year	(635,000)
Board designated net assets	(928,330)
	$ 3,200,373

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, 2021. 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 a committed line of credit in the amount of $400,000, which it could draw upon.

NOTE J – COMMITMENTS AND CONTIGENCIES

The Organization leases office space in Stockton, California on an annual basis at a rate of approximately $1,850 per month through November 2022. Rental expense for the year ended December 31, 2021 and 2020, was $18,875 and $25,484, respectively. In addition, the Organization leases office equipment. Future commitments under leases as of December 31, are as follows:

Year Ended	
2022	$ 22,848

NOTE J – COMMITMENTS AND CONTIGENCIES (Continued)

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, 2021.

NOTE L – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions had the following activity during the year ended December 31, 2021:

Nature of Restriction	12/31/2020	Income	Releases	12/31/2021
Time restriction	$ 83,000	$ 632,500	($ 80,500)	$ 635,000
Total	$ 83,000	$ 632,500	($ 80,500)	$635,000

NOTE M – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2021, the Organization reflected the liability for sabbatical benefits and adjusted the beginning net assets at January 1, 2021 for the effect on the prior periods. The adjustment resulted in a reduction of beginning net assets of $68,947 and an increase in the sabbatical benefit in the same amount as reflected in the accompanying statement of financial position with the December 31, 2020 restated to reflect the adjustment.

NOTE N – SUBSEQUENT EVENTS

The Organization has estimated an Employee Retention Tax Credit (ERTC) of approximately $147,000 it is eligible to claim. The Organization intends to complete the process of filing amended returns during the fiscal year ended December 31, 2022 and will recognize the revenue when those filings are complete.

In April 2022, the Organization received formal forgiveness of the Payroll Protection Program funding of $331,764. The gain on forgiveness of the loan will be reflected in the statement of activities of the Organization during the year ended December 31, 2022.

The Organization has evaluated subsequent events for recognition and disclosure through July 1, 2022, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2021, that required recognition or disclosure in the financial statements.