Guardian Group

Financial Statements

For the Years Ended December 31, 2022 and 2021

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DOUGALL CONRADIE LLC
CERTIFIED PUBLIC ACCOUNTANTS

Geoffrey Dougall, CPA
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Independent Accountants' Review Report

To the Board of Directors
Guardian Group
Bend, Oregon

We have reviewed the accompanying financial statements of Guardian Group, a nonprofit organization, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion
Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Dougall Conradie LLC

August 8, 2023
Portland, Oregon

GUARDIAN GROUP

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 218,147	$ 149,945
Investments	99,076	-
Accounts receivable	26,609	-
Inventory	-	2,786
Prepaid expenses	373	-
Capital assets, net	73,532	-
Total assets	$ 417,737	$ 152,731
LIABILITIES AND NET ASSETS		
Accounts payable	$ 6,172	$ 436
Accrued payroll	11,140	-
Accrued paid time off	19,698	8,998
Total liabilities	37,010	9,434
NET ASSETS		
Without restrictions	380,727	143,297
Total net assets	380,727	143,297
Total liabilities and net assets	$ 417,737	$ 152,731

GUARDIAN GROUP

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2022 and 2021

	2022	2021
Revenues, gains and other support:		
Grants and contributions of cash and financial assets	$ 647,284	$ 364,732
Contributions of non-cash assets	-	314,849
Forgiveness of Paycheck Protection Program loan	-	96,712
Other revenues	131,576	15,016
Total revenues	778,860	791,309
Expenses:		
Program services	397,479	640,796
Management and general	35,751	100,190
Fundraising	108,200	114,110
Total expenses	541,430	855,096
Change in net assets	237,430	(63,787)
Net assets, beginning of year	143,297	207,084
Net assets, end of year	$ 380,727	$ 143,297

See accompanying notes to the financial statements and Independent Accountant’s Review Report

GUARDIAN GROUP

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	2022 Total
Wages	$ 273,357	$ 2,803	$ 69,743	$ 345,903
Payroll taxes	12,990	3,108	4,428	$ 20,526
Employee benefits	5,439	1,301	1,854	8,594
Professional services	30,645	18,667	16,367	65,679
In-kind expenses	-	-	-	-
Technology expenses	18,391	2,965	4,224	25,580
Office expense	3,331	797	1,135	5,263
Occupancy	18,110	4,333	6,173	28,616
Advertising	13,835	605	1,670	16,110
Facilities and equipment	5,186	23	32	5,241
Training	1,319	46	65	1,430
Insurance	6,450	146	208	6,804
Travel	5,984	341	486	6,811
Merchandise	576	138	1,179	1,893
Bank charges	1,866	478	636	2,980
Depreciation	-	-	-	-
Total expenses	$ 397,479	$ 35,751	$ 108,200	$ 541,430

GUARDIAN GROUP

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	2021 Total
Wages	$ 239,537	$ 57,316	$ 81,648	$ 378,501
Payroll taxes	21,403	5,121	7,295	$ 33,819
Employee benefits	13,325	2,728	5,825	21,878
Professional services	12,944	901	4,849	18,694
In-kind expenses	291,249	18,300	5,300	314,849
Technology expenses	20,158	2,664	889	23,711
Office expense	2,261	1,791	527	4,579
Occupancy	15,990	7,995	3,998	27,983
Advertising	8,357	-	923	9,280
Facilities and equipment	1,300	14	-	1,314
Training	1,153	933	-	2,086
Insurance	5,366	1,284	1,829	8,479
Travel	767	453	44	1,264
Merchandise	4,018	-	-	4,018
Bank charges	2,884	690	983	4,557
Depreciation	84	-	-	84
Total expenses	$ 640,796	$ 100,190	$ 114,110	$ 855,096

GUARDIAN GROUP

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	2022	2021
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 237,430	$ (63,787)
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	-	84
Investment income	(1,225)	-
Non-cash forgiveness of Paycheck Protection Program loan	-	(96,712)
Changes in assets and liabilities:		
Accounts receivable	(26,609)	20
Inventory	2,786	1,777
Prepaid assets	(373)	-
Accounts payable	5,736	(885)
Accrued payroll and paid time off	21,840	(962)
Net cash provided by operating activities	239,585	(160,465)
Cash flows from investing activities:		
Purchase of capital assets	(73,532)	-
Purchase of investments	(97,851)	-
Net cash used by investing activities	(171,383)	-
Cash flows from financing activities:		
Draw under Paycheck Protection Program loan	-	96,712
Net cash provided by financing activities	-	96,712
Net change in cash	68,202	(63,753)
Cash and cash equivalents, beginning of year	149,945	213,698
Cash and cash equivalents, end of year	$ 218,147	$ 149,945

See accompanying notes to the financial statements and Independent Accountant's Review Report

NOTE A – ORGANIZATION

Guardian Group (the "Organization") is a nonprofit organization which prevents and disrupts the sex trafficking of women and children. Revenues come from grants and contributions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), 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.

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Cash and cash equivalents include accounts with financial institutions covered by the Federal Deposit Insurance Corporation (FDIC) of $250,000. The Organization cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, prepaid expenses, and accrued liabilities, their fair value approximates carrying value.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of the contribution.

Grants and 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.

Investments

Investments are reflected on the statement of financial position at fair value with changes in unrealized gains and losses resulting from changes in fair value reflected in the statement of activities. Interest income is reported as earned.

Capital Assets

Capital assets are recorded at purchase cost. Acquisitions, renovations and repairs which increase the value of assets and have an estimated useful life in excess of one year are capitalized. All expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of the assets are expensed in the period in which the cost is incurred. Contributed property is recorded at its fair market value on the date of contribution.

The Organization depreciates capital assets over its estimated useful life using the straight-line method for financial reporting purposes. The Organization generally uses the following estimated useful lives:

Furniture and equipment	3 – 5 years
Website	5 years

Advertising Costs

Advertising is expensed as incurred.

Income Taxes

The Organization received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable state law. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under section 509(a)(1). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), which among other things, requires the recognition of right-of-use lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. A lessee is required to record lease assets and lease liabilities for all leases with a term of greater than 12 months. There was no impact to the Organization from the ASU as the Organization's lease is less than 12 months.

Gifts-In-Kind

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. All in-kind contributions of services and materials are recorded at their estimated fair values.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that were allocated include the following:

Salaries and benefits	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Office expenses	Time and effort
Insurance	Time and effort

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31,:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	$ 218,147	$ 149,945
Investments	99,076	-
Accounts receivable	26,609	-
Financial assets available to meet general expenditures over the next twelve months	$ 343,832	$ 149,945

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization's cash needs are expected to be met on a monthly basis from regular revenue sources. In general, the Organization maintains sufficient financial assets on hand to meet normal operating expenditures and to reserve for future needs.

NOTE D – CAPITAL ASSETS

Major classes of property and equipment consist of the following at December 31:

	2022	2021
Office equipment	$ 11,862	$ 11,862
Website	73,532	-
	85,394	11,862
Less accumulated depreciation	(11,862)	(11,862)
	$ 73,532	$ -

Depreciation expense was $0 and $84 for the years ended December 31, 2022 and 2021, respectively.

NOTE E – INVESTMENTS

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent resources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level I: Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level II: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level III: Unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The following table sets forth carrying amounts and estimated fair values for financial instruments at December 31, 2022:

	Level I	Total
Money markets	$ 96,128	$ 96,128
Fixed income funds	2,948	2,948
Total investments	$ 99,076	$ 99,076

NOTE E – INVESTMENTS (Continued)

The following table summarizes the change in investments for the year ended December 31, 2022:

Balance, December 31, 2021	$	-
Interest and dividends		78
Appreciation in value		1,147
Net change in value		1,225
Contributions		98,851
Balance, December 31, 2022	$	99,076

NOTE F – CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the year ended December 31, 2021 contributed nonfinancial assets recognized within the statement of activities included:

	Program Services	Management and General	Fundraising	Total
Professional services	$ 2,175	$ -	$ -	$ 2,175
Advertising	104,295	-	-	104,295
Software licenses	81,076	3,800	-	84,876
Application development	71,375	-	-	71,375
Internet access	900	-	300	1,200
Strategic planning	31,428	14,500	5,000	50,928
	$ 291,249	$ 18,300	$ 5,300	$ 314,849

For the year ended December 31, 2021, contributed nonfinancial assets recognized within the statement of activities included professional services and software licenses. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed services recognized comprise professional services providing consulting, advertising, application development and administrative support to the Organization. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Contributed software licenses comprise software licenses provided to the Organization. Software licenses are valued at the market price as provided by the donor.

There were no contributions of services or nonfinancial assets during the year ended December 31, 2022.

NOTE G – OPERATING LEASE

The Organization leases office space in Bend, Oregon. The lease requires monthly payments of $1,718 plus a common area charge of $564 and expires on December 31, 2022. The Organization extended the lease on a month to month basis after year end.

Total rent expense under the terms of this operating lease was $27,384 and $26,760 for the years ended December 31, 2022 and 2021, respectively.

NOTE H – PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

During the year ended December 31, 2021, the Organization was granted a loan in the aggregate amount of $96,712, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The proceeds of the PPP Loans were used for payroll costs and other permitted purposes under the CARES Act, including rent or utility costs. Under the terms of the CARES Act, each borrower can apply for forgiveness for all or a portion of the PPP Loan and the Organization did apply for forgiveness during the year ended December 31, 2021. The Organization was notified that the PPP Loan had been forgiven in full and $96,712 was recorded as income during the year ended December 31, 2021.

NOTE I – SUBSEQUENT EVENTS

The Organization did not have any subsequent events through August 8, 2023, which is the date the financial statements were available to be issued, noting no events requiring recording or disclosure in the financial statements for the year ended December 31, 2022.