

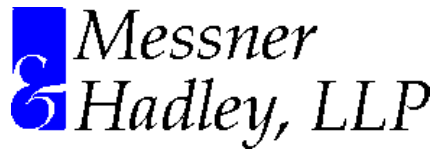
Financial Statements
December 31, 2021

Academy for Grassroots Organizations

Academy for Grassroots Organizations

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December 31, 2021

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Paul S. Messner, CPA
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Certified Public Accountants

Independent Auditors' Report

The Board of Directors
Academy for Grassroots Organizations
Oak Hills, California

Opinion

We have audited the accompanying financial statement of Academy for Grassroots Organizations (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, and the related statements of activities and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Academy for Grassroots Organizations as of December 31, 2021, and the changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Academy for Grassroots Organizations and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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.

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 Academy for Grassroots Organizations' 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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Academy for Grassroots Organizations' ability to continue as a going concern for a reasonable period of time.

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

Messner & Hadley, LLP

Messner & Hadley, LLP
Certified Public Accountants

Apple Valley, California
June 20, 2022

Academy for Grassroots Organizations
Statement of Financial Position
December 31, 2021

Assets

Current assets

Beneficial interest in assets held by others	\$ 570,410
Total assets	<u>\$ 570,410</u>

Liabilities and Net Assets

Current liabilities

Payroll payable	4,120
Payroll taxes payable	1,986
Accrued compensated absences	13,966
Administrative fee payable	<u>1,398</u>
Total liabilities	<u>21,470</u>

Net Assets

Without donor restrictions	507,898
With donor restrictions	<u>41,042</u>
Total net assets	<u>548,940</u>
Total liabilities and net assets	<u>\$ 570,410</u>

Academy for Grassroots Organizations
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 159,540	\$ 55,000	\$ 214,540
Program service fees	18,265	-	18,265
Gifts in kind	1,975		1,975
Increase in value of beneficial interest	10,521	-	10,521
Other income	55		55
Net assets released from restrictions	34,291	(34,291)	-
Total revenue, support, and gains	224,647	20,709	245,356
Expenses			
Program services			
Training and education	140,613	-	140,613
Supporting services expense			
General and administrative	47,397		47,397
Fundraising	16,588	-	16,588
Total expenses	204,598	-	204,598
Change in Net Assets	20,049	20,709	40,758
Net Assets, Beginning of Year	487,849	20,333	508,182
Net Assets, End of Year	\$ 507,898	\$ 41,042	\$ 548,940

Academy for Grassroots Organizations
Statement of Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>	<u>Supporting Activities</u>		
	<u>Training & Education</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 95,804	\$ 14,739	\$ 12,283	\$ 122,826
Payroll costs and benefits	<u>11,218</u>	<u>1,726</u>	<u>1,438</u>	<u>14,381</u>
Total salaries and payroll costs	107,022	16,465	13,721	137,207
Contract services	3,823	26,079	83	29,985
Conferences and meetings	1,029	158	132	1,319
Insurance	1,419	219	182	1,820
Marketing	1,170	180	150	1,500
Office administration	16,531	3,552	1,699	21,781
Professional fees	-	6,000	-	6,000
Postage and printing	165	25	21	211
Programs and activities	<u>4,775</u>	<u>-</u>	<u>-</u>	<u>4,775</u>
Total expenses by function	<u>\$ 135,933</u>	<u>\$ 52,678</u>	<u>\$ 15,987</u>	<u>\$ 204,598</u>

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Academy for Grassroots Organizations is a nonprofit corporation organized in California in August 2000 as High Desert Community Coalitions. In August 2005 the Organization changed its name to High Desert Resource Network. In March 2012 the Organization changed its name to Academy for Grassroots Organizations. The Organization is governed by a volunteer board of directors and its primary function is to convene, equip, and guide community leaders in San Bernardino and Riverside Counties. Its activities include technical assistance, training, resource development, fostering collaboration, resource sharing, and community education. The organization serves circa 6,000 nonprofit professionals and volunteers annually. Its primary sources of revenue are from contributions and grants and fees related to the training and educational services it provides.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Fair value measurements

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

- | | |
|----------------|---|
| Level 1 Inputs | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. |
| Level 2 Inputs | Inputs other than quoted prices in active markets that are observable either directly or indirectly. |
| Level 3 Inputs | Unobservable inputs for the asset or liability. |

The Organization is required to measure the beneficial interest in assets held by others at fair value in accordance with GAAP. The technique used to measure this assets is described in Note 2.

Concentrations of Credit Risk and Market Risk

The Organization's beneficial interest in assets held by others constitutes a concentration of credit and market risk.

Revenue and Revenue Recognition

Contributions includes gifts, grants, and unconditional promises to give and are recorded as net assets with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted support. The Organization's policy of accounting for long-lived assets received without stipulation as to the use is to report such contributions as unrestricted.

Note 1 - Principal Activity and Significant Accounting Policies (continued)

Revenue and Revenue Recognition (continued)

Promises to give (pledges) are recognized as revenues in the period the pledge is received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received.

Property and Equipment

We record property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is provided over 5 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2021.

Basis of Presentation

The financials statements of the Organization comply with the Financial Statements of Not-for-Profit Organizations topic of the FASB Codification. Under this topic, the Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$1,500 during the year ended December 31, 2021.

Note 1 - Principal Activity and Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses have been allocated on the basis of estimates developed by management using time and effort for all expenses.

Income Taxes

The Organization a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Note 2 - Beneficial Interest in Assets Held by Others

The Organization's cash and investments are held by the Inland Empire Community Foundation("IECF"). The Organization directs the classification of support and revenues at the time cash receipts are deposited with the IECF. Similarly, the Organization directs the classification of expenses and payment of liabilities made and recorded by the IECF. The IECF pools the Organization's cash and investments with its own and those of other organizations. Investment allocations are made in accordance with the terms in the agreement between the Organization and the IECF. The IECF withdraws administrative fees from the Organization's deposits. The Organization may elect to withdraw any money held by the IECF with written notice.

The Organization reports its beneficial interest in assets held by others at the IECF established fair value of the invested funds, which is generally equivalent to the present value of future payments expected to be received. The beneficial interest in assets held by others is categorized as Level 3 on December 31, 2021. The Organization used significant unobservable inputs as follows:

<u>Type of investment</u>	<u>Fair Value at 12/31/21</u>	<u>Valuation Technique</u>	<u>Unobservable</u>
Beneficial interest in			Present Value Expected
Assets held by others	\$570,410	Net Asset Value (NAV)	Future Amount to be
Received			

The following table presents a roll-forward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the year ended December 31, 2021:

Note 2 - Beneficial Interest in Assets Held by Others (continued)

Beginning Balance	\$ 574,487
Contributions	243,356
Total gains or losses (realized and unrealized) included in changes in net assets	6,200
Distributions	<u>(253,633)</u>
Ending balance	<u>\$ 570,410</u>
Change in unrealized gain or losses for the period included in change in net assets related to investments still held at end of reporting period	<u>\$ 2,558</u>

Note 3 - Liquidity and Availability

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

Beneficial interest in assets held by others	\$ 570,410
Less:	
Donor-imposed restrictions making financial assets unavailable for general expenditure	<u>(41,042)</u>
Financial assets available within one year to meet cash needs for general expenditure	<u>\$ 529,368</u>

Note 4 - Property and Equipment

Property and equipment consists of the following at December 31, 2021:

Office equipment	\$ 7,177
Less accumulated depreciation	<u>(7,177)</u>
Total property and equipment, net	<u>\$ -</u>

Depreciation expense totaled \$0 for the year ended December 31, 2021.

Note 5 - Related Party Transactions

The former President/CEO's husband was the executive assistant for the Organization. The Organization paid him \$10,343 in wages during the year ended December 31, 2021.

The Inland Empire Community Foundation was paid \$16,124 for accounting and administrative services during the year. At December 31, 2021, there was \$1,398 of administrative fee payable due to IECF.

During the year, the Organization paid \$9,463 to Inland So Cal United Way, a board director's employer, for services related to grant writing.

Note 6 - Net Assets with Donor Restrictions

At December 31, 2021, net assets were restricted by donor as follow:

Training program-time restriction	\$	41,042
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Note 7 - Net Assets Released from Restrictions

During the year ended December 31, 2021, net assets with donor restrictions were released for the following purposes:

Training program	\$	7,000
General operations-time restriction		27,291
 Total net assets release from restrictions	 \$	 34,291

Note 8 - Defined Contribution Plan

The Organization maintains a defined contribution plan for its employees. For the year ended December 31, 2021, the Organization contributed \$2,304 towards its employees' retirement accounts

Note 9 - Paycheck Protection Program Loan

The Organization was granted a second loan of \$40,946 from the Small Business Administration Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), and as amended by the Paycheck Protection Program Flexibility Act of 2021 (the PPP Flexibility Act), provides for funds to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The proceeds are forgivable as long as the borrower uses the proceeds during the covered period for eligible purposes, including payroll, benefits, rent and utilities, spends a minimum amount of the proceeds for payroll costs, and maintains its payroll levels. The amount of forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period, with certain exceptions. The unforgiven portion of PPP proceeds issued under the CARES Act is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

The Organization has used the proceeds for purposes consistent with the PPP guidance and the full amount of the loan was forgiven prior to year-end. The Organization has accounted for the proceeds as a conditional contribution under ASC Subtopic 958-605, Not-for-Profit Entities – Revenue Recognition. Per ASC 958-605, conditional contributions are recognized as refundable advances until the conditions are substantially met to recognize the contribution as revenue. Therefore, the Organization has recognized contribution revenue of \$40,946 for the year ended December 31, 2021.

Note 10 - Subsequent Events

We have evaluated subsequent events through June 20, 2022, the date the financial statements were available to be issued.

Note 11 - Risks and Uncertainties

The recent COVID-19 outbreak has caused economic disruptions through mandated voluntary closings of businesses and organizations throughout the United States. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the Organization's donors, employees, investments and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets is uncertain and the accompanying financial statements include no adjustments relating to the effects of the pandemic.