

Rising Star Outreach, Inc.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended March 31, 2022 and 2021



RISING STAR OUTREACH, INC.

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Independent Auditor's Report

To the Board of Directors

Rising Star Outreach, Inc.:

Opinion

We have audited the accompanying financial statements of **Rising Star Outreach, Inc.** (the Organization), which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years 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 the Organization as of March 31, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 auditor's 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. 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, we:

- 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 the Organization'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 the Organization's 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.

Larson & Company PC

Salt Lake City, Utah
August 2, 2022

RISING STAR OUTREACH, INC.

Statements of Financial Position

As of March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 1,147,126	\$ 1,326,857
Accounts receivable	261	137
Contributions receivable	-	300
Note receivable, related party	3,324,555	3,005,287
Total current assets	4,471,942	4,332,581
Property and equipment, net	2,241	6,294
Total assets	\$ 4,474,183	\$ 4,338,875
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accrued expenses	\$ 19,810	\$ 15,399
Sponsor deposits	3,500	3,000
Total current liabilities	23,310	18,399
Net assets		
Net assets without donor restrictions	1,146,558	1,319,072
Net assets with donor restrictions		
Purpose restrictions	3,304,315	3,001,404
Total net assets	4,450,873	4,320,476
Total liabilities and net assets	\$ 4,474,183	\$ 4,338,875

The accompanying notes to the financial statements
are an integral part of these statements

RISING STAR OUTREACH, INC.

Statement of Activities
For the Year Ended March 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets			
Support and revenues			
Contributions	\$ 1,277,656	\$ 223,907	\$ 1,501,563
In-kind contributions	7,865	-	7,865
Special events, net of direct benefits to donors of \$44,595	18,877	-	18,877
Interest income, note receivable	217,380	105,072	322,452
Miscellaneous income	591	-	591
Total support and revenues	1,522,369	328,979	1,851,348
Satisfaction of restrictions	26,068	(26,068)	-
Total support, revenues and satisfaction of restrictions	1,548,437	302,911	1,851,348
Expenses			
RSOI programs	1,319,791	-	1,319,791
General and administrative	288,871	-	288,871
Fundraising	112,289	-	112,289
Total expenses	1,720,951	-	1,720,951
Total changes in net assets	(172,514)	302,911	130,397
Net assets beginning of year	1,319,072	3,001,404	4,320,476
Net assets end of year	\$ 1,146,558	\$ 3,304,315	\$ 4,450,873

The accompanying notes to the financial statements are an integral part of these statements

RISING STAR OUTREACH, INC.

Statement of Activities
For the Year Ended March 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets			
Support and revenues			
Contributions	\$ 911,899	\$ 1,572,674	\$ 2,484,573
In-kind contributions	17,275	-	17,275
Special events, net of direct benefits to donors of \$32,441	154,626	-	154,626
Interest income, note receivable	181,309	-	181,309
Miscellaneous income	28,461	-	28,461
Total support and revenues	<u>1,293,570</u>	<u>1,572,674</u>	<u>2,866,244</u>
Satisfaction of restrictions	<u>238,990</u>	<u>(238,990)</u>	<u>-</u>
Total support, revenues and satisfaction of restrictions	<u>1,532,560</u>	<u>1,333,684</u>	<u>2,866,244</u>
Expenses			
RSOI programs	1,084,326	-	1,084,326
General and administrative	232,955	-	232,955
Fundraising	105,023	-	105,023
Total expenses	<u>1,422,304</u>	<u>-</u>	<u>1,422,304</u>
Total changes in net assets	<u>110,256</u>	<u>1,333,684</u>	<u>1,443,940</u>
Net assets beginning of year	<u>1,208,816</u>	<u>1,667,720</u>	<u>2,876,536</u>
Net assets end of year	<u>\$ 1,319,072</u>	<u>\$ 3,001,404</u>	<u>\$ 4,320,476</u>

The accompanying notes to the financial statements
are an integral part of these statements

RISING STAR OUTREACH, INC.

Statement of Functional Expenses
For the Year Ended March 31, 2022

	<u>RSOI Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 273,791	\$ 211,630	\$ 87,360	\$ 572,781
Payroll taxes	18,089	13,663	5,779	37,531
Total personnel costs	291,880	225,293	93,139	610,312
Advertising	2,166	135	25	2,326
Bank charges and credit card fees	14,326	5,567	3,298	23,191
Special events direct benefits	-	-	44,595	44,595
Direct contributions - India	949,084	200	-	949,284
Insurance	-	4,886	-	4,886
Occupancy	15,813	6,218	4,726	26,757
Office expense	1,366	9,690	-	11,056
Postage and delivery	1,307	643	181	2,131
Printing	3,398	1,140	813	5,351
Professional fees	14,620	24,963	8,000	47,583
Supplies expense	4,447	3,292	6	7,745
Travel	3,463	-	-	3,463
Website	36	954	-	990
Depreciation	1,869	-	-	1,869
Miscellaneous	16,016	5,890	2,101	24,007
Total expenses	1,319,791	288,871	156,884	1,765,546
Less direct benefits netted with revenues	-	-	(44,595)	(44,595)
Total expenses, statement of activities	<u>\$ 1,319,791</u>	<u>\$ 288,871</u>	<u>\$ 112,289</u>	<u>\$ 1,720,951</u>

The accompanying notes to the financial statements
are an integral part of these statements

RIISING STAR OUTREACH, INC.

Statement of Functional Expenses
For the Year Ended March 31, 2021

	<u>RSOI Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 283,713	\$ 168,526	\$ 87,177	\$ 539,416
Payroll taxes	18,010	11,316	5,722	35,048
Total personnel costs	301,723	179,842	92,899	574,464
Advertising	4,900	-	971	5,871
Bank charges and credit card fees	11,987	7,656	383	20,026
Special events direct benefits	-	-	32,441	32,441
Direct contributions - India	724,491	-	-	724,491
Insurance	-	8,651	-	8,651
Occupancy	15,421	6,064	4,609	26,094
Office expense	213	6,613	5,017	11,843
Postage and delivery	1,951	564	182	2,697
Printing	5,653	1,417	364	7,434
Professional fees	3,245	18,555	-	21,800
Supplies expense	1,885	970	14	2,869
Travel	1,413	-	-	1,413
Website	6,344	269	9	6,622
Depreciation	-	2,354	-	2,354
Miscellaneous	5,100	-	575	5,675
Total expenses	1,084,326	232,955	137,464	1,454,745
Less direct benefits netted with revenues	-	-	(32,441)	(32,441)
Total expenses, statement of activities	<u>\$ 1,084,326</u>	<u>\$ 232,955</u>	<u>\$ 105,023</u>	<u>\$ 1,422,304</u>

The accompanying notes to the financial statements
are an integral part of these statements

RISING STAR OUTREACH, INC.
 Statements of Cash Flows
 For the Years Ended March 31, 2022 and 2021

	2022	2021
Cash flow from operating activities		
Changes in net assets	\$ 130,397	\$ 1,443,940
Adjustments to reconcile changes in net assets without donor restrictions to net cash from operating activities		
Depreciation	1,869	2,354
Loss on disposal of equipment	2,184	-
Changes in assets and liabilities:		
Decrease (Increase) in:		
Accounts receivable	(124)	709
Contributions receivable	300	(135)
Inventory	-	548
Prepaid expenses	-	2,402
Increase (decrease) in:		
Accrued expenses	4,411	1,479
Sponsor deposits	500	(39,400)
Net cash flow from operating activities	139,537	1,411,897
Cash flow from investing activities		
Investment loan to Hollow Tree Investments	(319,268)	(2,095,148)
Net cash flow from investing activities	(319,268)	(2,095,148)
Net changes in cash and cash equivalents	(179,731)	(683,251)
Cash and cash equivalents at beginning of year	1,326,857	2,010,108
Cash and cash equivalents at end of year	\$ 1,147,126	\$ 1,326,857

The accompanying notes to the financial statements are an integral part of these statements

RISING STAR OUTREACH, INC.
Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Rising Star Outreach, Inc. (the “Organization”) is a not-for-profit corporation formed in 2001 in Atlanta, Georgia. In 2011, the Organization moved its corporate offices from Atlanta to Provo, Utah where it currently operates. The Organization empowers individuals and families to rise above the stigma associated with leprosy, and to live healthy, productive lives through quality education, medical care and community development. The Organization is accomplishing its mission through four major initiatives:

- To provide a quality education to children of leprosy affected families and surrounding villages
- To provide colonies with colony projects to ensure each has access to clean water, toilets, and opportunities through micro-grants
- To address the unique health challenges of the colonies with mobile medical units, and
- To create lifelong humanitarians by providing service opportunities for sponsors and volunteers.

The Organization accomplishes its mission through contributions to Rising Star Outreach of India (“RSOI”). In 2004, the Organization assisted with the formation of RSOI, which is a not-for-profit entity incorporated and registered under the laws and regulations for SCRA Charities in India. There are two owner representatives of RSOI. One must be Indian and represents the RSOI board of directors. This owner also sits as the vice chair of the board of directors and is a voting member. The second owner representative represents the RSO board and the Organization as a whole. However, this member does not sit as a member of the board of directors of RSOI as Indian law prohibits foreigners from being board members of SCRA Charities. Accordingly, the Organization does not exercise control over RSOI.

However, the Organization has a clear economic interest in RSOI as they provide a substantial part of its operating funds and, in accordance with Indian law, RSOI is legally required to spend the funds in line with Organization’s stipulations. See Note 5 for related party disclosures.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958); Presentation of Financial Statement for Not-for-Profit Entities*. The standard requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

RISING STAR OUTREACH, INC.

Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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 through the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid investments with maturities of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable are recorded at their estimated fair value. Amounts due later than one year, if any, are recorded at the present value of estimated future cash flows. The Organization estimates the allowance based on analysis of specific donors, taking into consideration the age of past due pledges and an assessment of the donor's ability to pay. As of March 31, 2022 and 2021, all uncollected contributions receivable are expected to be collected; therefore, no allowance has been recorded. The Organization recorded bad debt expense of **\$0** and **\$0** during the years ended March 31, 2022 and 2021, respectively. Conditional contributions are not included as support until the conditions are substantially met. The Organization has conditional contributions receivable of **\$0** and **\$0** as of March 31, 2022 and 2021.

Sponsorship deposits

Sponsorship payments received in advance of an event are recorded as deposits. Such deposits are recognized into special events income when the event is held. If the event were not held, such deposits would be refunded or applied to future events at the direction of the sponsor.

RISING STAR OUTREACH, INC.

Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Unconditional promises to give are recognized as contributions when promised at the net present value of the amounts expected to be collected. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net asset with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same year the contribution is received are reported as net assets without donor restrictions.

Donated Services and In-kind Contributions

The Organization records gifts of property and equipment as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as net assets with donor restriction. Absent explicit donor stipulations regarding the duration that the long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or purchased long-lived assets are placed in service.

Donated services are recognized at fair value if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation. As discussed in Note 5, the Organization received various donated services, facilities, and office expenses from board members. Volunteers provide a significant amount of services to the Organization throughout the year that are not recognized as contributions since the criteria under U.S. GAAP was not met.

Income Taxes

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as an organization other than a private foundation. Accordingly, no provisions for federal and state income taxes have been recorded in the accompanying financial statements. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. Currently, the organization engages in no activities that would be taxed as unrelated business income.

The FASB has provided guidance for how uncertain tax positions should be recognized, measured, and disclosed in the financial statements. Management has evaluated the Organization's tax positions and determined that there are no material uncertain tax positions. Tax years generally remain subject to examination for a period of three years.

The Organization believes that it has appropriate support for any tax provisions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

RISING STAR OUTREACH, INC.

Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities as well as in the statements of functional expenses. Salaries and related costs are allocated to functional areas based on the time and effort expended by employees in the functional areas. Indirect costs are charged to programs and supporting services based on estimates made by management, considering the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support of the Organization.

Advertising Costs

Advertising costs are expensed as incurred.

Concentration of Credit Risk

Cash and cash equivalents consist primarily of demand deposits with several financial institutions. The balances in the Organization's bank accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of March 31, 2022 and 2021 the Company held amounts in excess of the FDIC insurance limit. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks relating to these accounts.

Reclassifications

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Total changes in net assets were not affected by the reclassifications.

Recent Accounting Pronouncements

In March of 2016, the FASB issued ASU 2016-02, *Leases*, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2021. The Organization does not anticipate a significant impact on the Organization's results of operations, financial position, or cash flows because of this new standard.

RISING STAR OUTREACH, INC.

Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In September of 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure requirements. The amendments in this update require organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, organizations are required to enhance disclosures by disaggregating the amount of nonfinancial assets recognized within the statement of activities by type of contributed nonfinancial asset and providing additional qualitative information for each disaggregated category. This new guidance is effective for fiscal years beginning after June 15, 2021. The Organization does not anticipate a significant impact on operations, financial position, or cash flows as a result of this new standard.

In June of 2016, the FASB issued Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses*, which requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. In November 2019, FASB issued ASU 2019-10 which effective defers the date of implementation for this guidance. This requirement eliminates the probable initial recognition threshold in current GAAP which has delayed recognition of credit losses until the loss was probable. Instead, the new treatment will better reflect an entity's current estimate of all expected credit losses. In addition, the new guidance requires that any credit losses on available-for-sale debt securities to be presented as an allowance rather than as a write-down. Initial allowance for credit losses is added to the purchase price rather than reported as a credit loss expense. Subsequent changes in the allowance for credit losses are recorded in credit loss expense. This will allow entities to also record reversals of credit losses in current period net income, whereas the current GAAP prohibits reflecting these improvements in current period earnings. This guidance is effective for fiscal years beginning after December 15, 2022. Management is currently evaluating the impact of this guidance on the Organization's financial reporting.

2. 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:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,147,126	\$ 1,326,857
Accounts receivable	261	137
Contributions receivable	-	300
Note receivable	<u>3,324,555</u>	<u>3,005,287</u>
	<u>4,471,942</u>	<u>4,332,581</u>
Less amounts restricted by donors	<u>(3,304,315)</u>	<u>(3,001,404)</u>
Available for general expenditure	<u>\$ 1,167,627</u>	<u>\$ 1,331,177</u>

RISING STAR OUTREACH, INC.

Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

3. NOTE RECEIVABLE, RELATED PARTY

The Organization has a note receivable with a company whose principal is also a member of the board of directors of the Organization. The amounts loaned consist of funds which will be expended on future projects by RSOI in India.

The balance accrues interest monthly at a guaranteed rate of 10%. The current agreement does not include a repayment date for the principle and interest. Currently, payments are sent only when requested. The note can be requested to be repaid at any time with 30 days' notice from the Organization.

The balance of principle and interest as of March 31, 2022 and 2021 totaled **\$3,324,555** and \$3,005,287, respectively. Interest income related to the note receivable totaled **\$319,268** and \$180,357 for the years ended March 31, 2022 and 2021, respectively.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of March 31:

	<u>2022</u>	<u>2021</u>
Computer equipment	\$ 23,683	\$ 27,840
Less: accumulated depreciation	(21,442)	(21,546)
Total property and equipment, net	<u>\$ 2,241</u>	<u>\$ 6,294</u>

Depreciation expense for the years ended March 31, 2022 and 2021 totaled **\$1,869** and \$2,354, respectively.

5. LEASE OBLIGATIONS

The Organization entered into an operating lease for its office space in 2018. The lease term ends December 31, 2023. Monthly rent payments escalate each calendar year, but are between \$1,300 and \$1,500 throughout the term.

Future minimum payments are as follows:

For the year ended March 31	
2023	\$ 17,160
2024	13,157
2025	-
2026	-
2027	-
Thereafter	-
Total future minimum lease payments	<u>\$ 30,318</u>

RISING STAR OUTREACH, INC.

Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

6. RELATED PARTY TRANSACTIONS

As discussed in Note 1, the Organization accomplishes its mission primarily through contributions to RSOI. During the years ended March 31, 2022 and 2021, the Organization provided direct support of **\$949,284** and \$724,491, respectively, to RSOI as reflected in the accompanying financial statements. These contributions provide funding for various programs including colony building projects, education, medical, colony development, and “sponsor a child” program. Unaudited assets, liabilities, and net assets for RSOI as of March 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
	<u>Unaudited</u>	<u>Unaudited</u>
Current assets		
Cash and cash equivalents	\$ 870,040	\$ 903,283
Loans	-	-
Other	83,185	11,738
Total current assets	<u>953,225</u>	915,021
Property and equipment	<u>1,594,814</u>	1,692,910
Total assets	<u>\$ 2,548,039</u>	<u>\$ 2,607,931</u>
Current liabilities	<u>\$ 20,928</u>	<u>\$ 24,201</u>
Net assets		
Without donor restrictions	<u>2,527,111</u>	2,583,730
	<u>2,527,111</u>	<u>2,583,730</u>
Total liabilities and net assets	<u>\$ 2,548,039</u>	<u>\$ 2,607,931</u>

The Organization received contributions and donated goods from various board members as follows for the years ended March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash contributions	\$ 275,381	\$ 184,938
Expenses paid for the benefit of the Organization	<u>6,576</u>	56,377
Total support from board members	<u>\$ 281,957</u>	<u>\$ 241,315</u>

The Organization has a note receivable with a company whose principal is a member of the board of directors (Note 3). This has been identified as a conflict of interest, but all board members have reviewed the relationship and have approved this as a prudent investment for the Organization.

RIISING STAR OUTREACH, INC.
Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of contributions the Organization has received that are subject to donor-imposed restrictions that have not been met prior to the end of the fiscal year. Net assets with donor restrictions consist of the following at March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Purpose restricted		
Southern Medical	\$ 1,001,009	\$ 1,001,009
Southern Education	80,273	90,280
Southern Capital Development	28,500	28,500
COVID-19 Relief	19,916	-
Northern Colony Development	92,522	104,590
Northern Capital Development	<u>2,082,095</u>	<u>1,777,025</u>
Total net assets with donor restrictions	<u>\$ 3,304,315</u>	<u>\$ 3,001,404</u>

8. EFFECT OF COVID-19 PANDEMIC

The COVID-19 pandemic remains a rapidly evolving situation. The extent of COVID-19 on the Organization and financial results will depend on future developments, including the duration and spread of the outbreak within the markets we operate and the related donations and grants from external parties, all of which are highly uncertain.

9. SUBSEQUENT EVENTS

Management has evaluated events and transactions through the date of the audit report, which is the date the financial statements were available to be issued. No events have occurred subsequent to March 31, 2022 which would have a material effect on the financial condition of the Organization.