VOICE OF SAN DIEGO

AUDITED
FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021 (AS RESTATED)

CONTENTS

Lindsay & Brownell

Lindsay & Brownell, LLP
Certified Public Accountants

4225 Executive Square, Suite 1150
La Jolla, California 92037
Phone: 858.558.9200 | Fax: 858.558.8225

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Voice of San Diego

Opinion

We have audited the financial statements of Voice of San Diego (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 accompanying financial statements present fairly, in all material respects, the financial position of Voice of San Diego as of June 30, 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). 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 Voice of San Diego 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.

Emphasis-of-Matter - 2021 Financial Statements Restated

As discussed in Note 2 to the financial statements, the fiscal year 2021 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 Voice of San Diego's ability to continue as a going concern for one year after the date that the financial statements are 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 U.S. GAAS 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 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 U.S. GAAS, 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 Voice of San Diego'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 Voice of San Diego'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.

Lindsay & Brownell, LLP

Lindsay & Brownell, LLP

La Jolla, California
December 6, 2022

VOICE OF SAN DIEGO

STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021 (As Restated)

	2022	2021
ASSETS		
Current Assets		
Cash	**$ 930,609**	$ 1,010,511
Restricted cash	**25,931**	100,685
Prepaid expenses	**18,744**	22,654
Current portion of contributions receivable, net	**575,000**	88,750
Total Current Assets	**1,550,284**	1,222,600
Contributions Receivable, Less Current Portion, Net	**73,867**	-
Endowment Investments	**467,579**	-
Fixed Assets, Net	**34,124**	20,505
Intangible Assets, Net	**6,094**	7,719
Other Assets	**5,523**	5,523
Total Assets	**$ 2,137,471**	$ 1,256,347
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	**$ 38,939**	$ 14,848
Payroll liabilities	**121,875**	127,789
Deferred revenue	**26,000**	37,476
Total Current Liabilities	**186,814**	180,113
Deferred Rent	**11,441**	3,945
Total Liabilities	**198,255**	184,058
Net Assets		
Without donor restrictions	**945,706**	971,604
With donor restrictions	**993,510**	100,685
Total Net Assets	**1,939,216**	1,072,289
Total Liabilities and Net Assets	**$ 2,137,471**	$ 1,256,347

The accompanying notes are an integral part of these financial statements.

VOICE OF SAN DIEGO

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 995,142	$ 1,090,000	$ 2,085,142
Membership programs	748,087	-	748,087
Advertising and sponsorships	135,602	-	135,602
Gifts in-kind	5,300	-	5,300
Other	3,449	-	3,449
Net assets released from restrictions	164,754	(164,754)	-
Total Revenue and Support	2,052,334	925,246	2,977,580
INVESTMENT INCOME (LOSS)			
Interest and dividends	750	1,491	2,241
Net unrealized loss on endowment investments	-	(33,912)	(33,912)
Total Investment Income (Loss)	750	(32,421)	(31,671)
Total Revenue, Support and Investment Income (Loss)	2,053,084	892,825	2,945,909
EXPENSES			
Program	1,519,072	-	1,519,072
Fundraising	419,429	-	419,429
Management and general	140,481	-	140,481
Total Expenses	2,078,982	-	2,078,982
Changes in Net Assets	(25,898)	892,825	866,927
Net Assets, Beginning	971,604	100,685	1,072,289
Net Assets, Ending	$ 945,706	$ 993,510	$ 1,939,216

The accompanying notes are an integral part of these financial statements.

VOICE OF SAN DIEGO

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021 (As Restated)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 1,323,175	$ 113,750	$ 1,436,925
Membership programs	846,644	-	846,644
Advertising and sponsorships	84,249	-	84,249
Gifts in-kind	26,803	-	26,803
Other	7,106	-	7,106
Net assets released from restrictions	13,065	(13,065)	-
Total Revenue and Support	2,301,042	100,685	2,401,727
EXPENSES			
Program	1,653,331	-	1,653,331
Fundraising	332,878	-	332,878
Management and general	115,998	-	115,998
Total Expenses	2,102,207	-	2,102,207
Changes in Net Assets	198,835	100,685	299,520
Net Assets, Beginning	772,769	-	772,769
Net Assets, Ending	$ 971,604	$ 100,685	$ 1,072,289

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2022 and 2021

	2022			
EXPENSES	**Program**	**Fundraising**	**Management and General**	**Total**
Payroll	**$ 1,128,898**	**$ 344,941**	**$ 114,383**	**$ 1,588,222**
Other operating costs	**146,070**	**27,051**	**9,492**	**182,613**
Editorial	**66,301**	**20,258**	**6,718**	**93,277**
Office	**67,550**	**12,846**	**5,134**	**85,530**
Professional services	**63,349**	**-**	**-**	**63,349**
Marketing	**40,365**	**12,334**	**4,091**	**56,790**
Depreciation and amortization	**6,539**	**1,999**	**663**	**9,201**
Total Expenses	**$ 1,519,072**	**$ 419,429**	**$ 140,481**	**$ 2,078,982**

	2021			
EXPENSES	**Program**	**Fundraising**	**Management and General**	**Total**
Payroll	$ 1,272,228	$ 277,133	$ 95,602	$ 1,644,963
Other operating costs	182,359	27,899	10,218	220,476
Office	55,682	8,147	3,383	67,212
Marketing	43,512	9,479	3,269	56,260
Professional services	52,631	-	-	52,631
Editorial	39,513	8,607	2,969	51,089
Depreciation and amortization	7,406	1,613	557	9,576
Total Expenses	$ 1,653,331	$ 332,878	$ 115,998	$ 2,102,207

The accompanying notes are an integral part of these financial statements.

VOICE OF SAN DIEGO

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021 (As Restated)

		2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	**$**	**866,927**	$	299,520
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:				
Depreciation and amortization		**9,201**		9,576
Net unrealized loss on endowment investments		**33,912**		-
Decrease (increase) in:				
Accounts receivable		**-**		25,000
Prepaid expenses		**3,910**		(3,375)
Contributions receivable, net		**(560,117)**		(88,750)
Increase (decrease) in:				
Accounts payable and accrued expenses		**24,091**		4,852
Payroll liabilities		**(5,914)**		8,311
Deferred revenue		**(11,476)**		22,426
Deferred rent		**7,496**		(1,578)
Net Cash Flows Provided by Operating Activities		**368,030**		275,982
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of fixed assets		**(21,195)**		(13,337)
Purchases of endowment investments		**(501,491)**		-
Net Cash Flows Used in Investing Activities		**(522,686)**		(13,337)
Net Change in Cash and Restricted Cash		**(154,656)**		262,645
Cash and Restricted Cash				
Beginning		**1,111,196**		848,551
Ending	**$**	**956,540**	$	1,111,196
Supplemental Disclosure of Non-Cash Operating Activities				
In-kind donations of stock, services and other assets that were received during the year.	**$**	**5,300**	$	26,803

The accompanying notes are an integral part of these financial statements.

Note 1. Description of Organization and Nature of Operations

Organization: Voice of San Diego (the "Organization") is a public charity and California nonprofit corporation established in 2004 for charitable purposes and is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (the "Tax Code"). The Organization was formed to educate and inform the residents of San Diego County about civic and regional issues and to provide an interactive forum for the discussion of issues affecting the people and communities of San Diego. The primary sources of financial revenue and support are contributions and income from the Organization's membership program, advertising and sponsorships.

Note 2. Summary of Accounting Policies and Other Information

Accounting Principles: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Adopted Accounting Pronouncements: The Organization has implemented all applicable accounting pronouncements within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") that are in effect as of June 30, 2022 and 2021. The Organization does not believe there are any new Accounting Standards Updates issued by the FASB that might have a material impact on its financial position or results of activities.

Fair Value of Financial Instruments: The Organization's financial instruments consist principally of cash, restricted cash, contributions receivable, endowment investments, other assets, accounts payable and accrued expenses, and payroll liabilities. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable.

Restricted Cash: Restricted cash consists of grants received and not appropriated by fiscal year-end. The restrictions will lapse when cash is expensed on the Organization's programs.

Contributions Receivable: Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Conditional promises are not recognized until the conditions are substantially met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimate cash flows. The Organization provides for probable losses on contributions receivable using the allowance method. The allowance is determined based on management's experience and collection efforts.

The discounts on contributions receivable are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of estimated future cash flows ranged from .97% to 1.58% for contributions received in fiscal year 2022.

Endowment Investments: The Organization records its investments at their aggregate fair value. Investments consist of mutual funds. Investment transactions are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date and interest income is recorded as earned using the accrual basis. Realized and unrealized gains and losses are reported in the accompanying statements of activities.

Note 2. Summary of Accounting Policies and Other Information (Continued)

Fixed Assets: Fixed assets are recorded at cost on the date of purchase, or fair value on the date of gift. The Organization capitalized fixed assets with a useful life of greater than one year and a value of at least $500 for the fiscal year ended June 30, 2021. For the fiscal year ended June 30, 2022, the Organization updated its capitalization policy to $1,200, except for desktop and laptop computers which will be capitalized regardless of cost. Fixed assets are depreciated using the straight-line method over the estimated useful life of the related asset. Estimated useful lives of fixed assets are as follows:

Description	Useful Life
Computer Equipment	5 years
Office Furniture	5 years
Leasehold Improvements	Lesser of 15 years or lease term
Podcast Equipment	5 years
Telephone Equipment	5 years
Cameras	5 years

Intangible Assets: Intangible assets consist of website costs. Website costs are amortized using the straight-line method over the estimated life of 5 years. The Organization capitalizes intangible assets with a useful life of greater than one year and a value of at least $500 for fiscal year ended June 30, 2021. The Organization updated its capitalization policy to $1,200 for the fiscal year ended June 30, 2022.

Deferred Revenue: Deferred revenue relates to performance obligations for advertising revenue and sponsorships not completed as of year-end. Cash receipts for advertising and sponsorship revenue that have not been completed as of year-end have been deferred and are amortized using the straight-line method over the term of the service period.

Net Assets: The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

> *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 objectives of the Organization. These net assets may be used at the discretion of 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. As of June 30, 2022 and 2021, the Organization had net assets with donor restrictions of $993,510 and $100,685, respectively.

The FASB has issued reporting standards for endowments of nonprofit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds.

The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds (see Note 11).

Note 2. Summary of Accounting Policies and Other Information (Continued)

Revenue Recognition: The Organization reports revenue according to four classes of revenue: contributions, exchange transactions, gifts in-kind, and unrelated business income.

Contributions: Contributions received are recorded as net assets with or without donor restrictions depending upon the existence and/or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Certain contracts include both a contribution and an exchange transaction element. These contracts are bifurcated between contributions and exchange transactions and are evaluated under FASB ASC 606, *Revenue Recognition from Contracts with Customers*, discussed below.

Exchange Transactions: In accordance with FASB ASC 606, *Revenue Recognition from Contracts with Customers*, the Organization derives revenue through their advertising revenue and certain corporate sponsorships. When applicable, contracts with customers are evaluated on a contract-by-contract basis as contracts may include multiple types of goods and services or performance obligations as described below.

The Organization uses the following methods, inputs, and assumptions in determining revenue recognition from contracts with customers relating to advertising, sponsorships and membership programs:

Identification of Performance Obligations – For contracts that contain multiple performance obligations, the Organization accounts for individual goods or services as a separate performance obligation if they are distinct. The good or service is distinct if the good or service is separately identifiable from other items in the arrangement and if a customer can benefit from it on its own or with other resources that are readily available to the customer. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation.

Determination of Transaction Price – The transaction price is determined based on the consideration to which the Organization will be entitled in exchange for transferring goods or services to the customer.

Allocation of Transaction Price – The transaction price, including any discounts, is allocated between separate goods and services in a contract that contains multiple performance obligations based on their relative standalone selling prices. The standalone selling prices are determined based on the prices at which the Organization separately sells each good or service. For items that are not sold separately, the Organization estimates the standalone selling prices using available information such as internally approved pricing guidelines.

Gifts In-Kind: The Organization's policy is to use or sell gifts in-kind if they can or cannot be used for the Organization's mission, respectively. During the years ended June 30, 2022 and 2021 the Organization received gifts in-kind of $5,300 and $26,803, respectively. Gifts in-kind were comprised of stock, services, and other assets. Each gift in-kind is recorded at fair market value on the date of gift.

Unrelated Business Income: During the years ended June 30, 2022 and 2021, the Organization had unrelated business income of $0 and $5,364, respectively, that included revenue from a project outside of the normal operations of the Organization.

Note 2. Summary of Accounting Policies and Other Information (Continued)

Income Taxes: The Organization is generally exempt from income taxes as an organization described in Section 501(c)(3) of the Tax Code and comparable statutes of the state of California, except for taxes on net unrelated business income.

In accordance with FASB ASC 740, *Accounting for Uncertainty in Income Taxes*, the Organization evaluates annually any uncertain tax positions taken or expected to be taken in a tax return by applying a threshold of more likely than not for recognition. Management evaluated its tax positions and determined that it has no uncertain tax positions at June 30, 2022 and 2021. There have been no related tax penalties or interest, which would be classified as tax expense, in the statement of activities.

Functional Expenses: The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited based on estimates of management.

The expenses that are allocated and their method of allocation include the following:

Expense	Method of Allocation
Payroll	Time and effort
Other operating costs	Use of expense
Editorial	Use of expense
Office	Use of expense
Professional services	Use of expense
Marketing	Use of expense
Depreciation and amortization	Time and effort

Compensated Absences: The Organization's compensated absence policy is to grant employees three to six weeks of paid vacation based on years of service. If employment is terminated, or an employee leaves the Organization, the employee is entitled to any accrued but unused vacation days on a pro-rata basis. As of June 30, 2022 and 2021 accrued compensated absences were $76,151 and $77,718, respectively, and are included in Payroll Liabilities in the statements of financial position.

Prior Period Adjustments: During fiscal year 2022, management became aware of certain errors resulting in the understatement of amounts previously reported for contributions receivable, and net assets with donor restrictions on the fiscal year 2021 statement of financial position and for contributions on the fiscal year 2021 statement of activities. The fiscal year 2021 financial statements presented herein have been restated to correct the errors. Management has recorded prior period adjustments totaling $88,750 to contribution revenue, contributions receivable, and beginning net assets with donor restrictions.

Note 3. Use of Estimates

The preparation of financial statements in conformity with 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.

Note 4. Risks and Uncertainties

In March 2020, the World Health Organization declared COVID-19 a pandemic. Given the ongoing and dynamic nature of the virus and the worldwide response related thereto, it is difficult to predict the full impact of COVID-19 on the Organization's operations. Management is continuing to evaluate the potential disruptions of COVID-19 to areas of the business including employees, vendors, and the Organization's overall financial position.

Note 5. Availability and Liquidity of Financial Assets

The following represents the Organization's financial assets at June 30:

	2022	2021
Financial assets at year-end:		
Cash and restricted cash	**$ 956,540**	$ 1,111,196
Contributions receivable, net	**648,867**	88,750
Endowment investments	**467,579**	-
Other assets	**5,523**	5,523
Total Financial Assets	**2,078,509**	1,205,469
Less: Amounts not available to be used within one year		
Cash with donor restrictions	**(25,931)**	(11,935)
Endowment investments	**(467,579)**	-
Contributions receivable, net	**(648,867)**	(88,750)
Other assets	**(5,523)**	(5,523)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	**$ 930,609**	$ 1,099,261

As part of the Organization's liquidity management, the Organization maintains cash balances without donor restrictions, which account for 44% and 87% of total assets as of June 30, 2022 and 2021, respectively, to help manage unanticipated liquidity needs.

Note 6. Contributions Receivable

Contributions receivable are recorded when a donor makes a promise to give to the Organization that is, in substance, unconditional, but not yet received. Contributions receivable, net of discount, totaled $648,867 and $88,750 as of June 30, 2022 and 2021, respectively. $500,000 of contributions receivable is related to donor-restricted endowment funds the Organization expects to received. The Organization has contributions that are receivable through 2024, and has used the present value method to report contributions receivable at fair value. The applicable U.S. Treasury rate was used as the discount rate and ranged from .97% to 1.58%. In accordance with FASB ASC 820, *Fair Value Measurement*, contributions receivable approved in 2022 for receipt in 2023 are considered short term and not discounted for present value purposes.

The following table summarizes contributions receivable as of June 30, 2022:

Year	Under 1 year	Years 1-2	Total
2023	$ 575,000	$ -	$ 575,000
2024	-	75,000	75,000
Thereafter	-	-	-
Discount	-	(1,133)	(1,133)
Total	$ 575,000	$ 73,867	$ 648,867

Note 7. Fixed Assets

Fixed assets, net of accumulated depreciation, consisted of the following at June 30:

		2022		2021
Computer Equipment	$	**48,441**	$	45,634
Office Furniture		**39,712**		39,712
Leasehold Improvements		**13,919**		-
Podcast Equipment		**11,607**		7,138
Telephone Equipment		**6,811**		6,811
Cameras		**3,554**		3,554
Subtotal		**124,044**		102,849
Less: Accumulated depreciation		**(89,920)**		(82,344)
Total Fixed Assets, Net	$	**34,124**	$	20,505

Depreciation expense was $7,576 and $9,170 for the years ended June 30, 2022 and 2021, respectively.

Note 8. Intangible Assets

The Organization’s intangible assets, net of accumulated amortization, consisted of the following at June 30:

		2022		2021
Website	$	**9,283**	$	9,283
Organizational Costs		**4,060**		4,060
Subtotal		**13,343**		13,343
Less: Accumulated amortization		**(7,249)**		(5,624)
Total Intangible Assets, Net	$	**6,094**	$	7,719

Amortization expense was $1,625 and $406 for the years ended June 30, 2022 and 2021, respectively.

Future estimated amortization expense as of June 30, 2022 is as follows:

Years ending June 30:		
2023	$	1,625
2024		1,625
2025		1,625
2026		1,219
Thereafter		-
Total	$	6,094

Note 9. Analysis of Endowment Investments

The following is a summary of the Organization's endowment investments at June 30, 2022:

	Carrying Value	Market Value
Endowment Investments - Mutual Funds	$ 501,491	$ 467,579
Total	**$ 501,491**	**$ 467,579**

The relationship between carrying values and market values of Endowment investments for the year ended June 30, 2022 and 2021 is summarized as follows:

	Carrying Value	Market Value	Excess of Market Value Over Carrying Value
Balance, June 30, 2022	**$ 501,491**	**$ 467,579**	**$ (33,912)**
Balance, June 30, 2021	$ -	$ -	$ -
Unrealized Loss			**$ (33,912)**

Note 10. Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The provisions of FASB ASC 820 establish a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that observable inputs be used when available. The three-level hierarchy for fair value measurements is defined as follows:

> Level 1 – Quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
>
> Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data. May include quoted prices in a market that is not active.
>
> Level 3 – Unobservable inputs that cannot be corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Management endeavors to utilize the best available information for measuring fair value. The determination of where an asset or liability falls in the hierarchy requires significant judgement. Management evaluates its hierarchy disclosures each reporting period and, based on various factors, it is possible that an asset or liability may be classified differently from period to period; however, management believes that changes in classifications between levels will be rare.

The Endowment's investments, which consist of mutual funds, are classified within Level 1 of the fair value hierarchy because they are traded on an active exchange and valued using observable market prices.

Contributions receivable are valued at net present value which approximates fair value and classified within Level 3 as there is no active market for these assets.

Note 10. Fair Value Measurements (Continued)

The following table summarizes the Organization's assets carried at fair value within the FASB ASC 820 fair value hierarchy levels as of June 30, 2022:

Assets at Fair Value as of June 30, 2022

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of June 30, 2022
Endowment Investments				
Mutual funds	$ 467,579	$ -	$ -	$ 467,579
Contributions Receivable	-	-	648,867	648,867
Total	$ 467,579	$ -	$ 648,867	$ 1,116,446

The following table summarizes the Organization's assets carried at fair value within the FASB ASC 820 fair value hierarchy levels as of June 30, 2021:

Assets at Fair Value as of June 30, 2021

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of June 30, 2021
Contributions receivable	$ -	$ -	$ 88,750	$ 88,750
Total	$ -	$ -	$ 88,750	$ 88,750

For the years ended June 30, 2022 and 2021, transfers in of Level 3 receivables were $648,867 and $88,750, respectively. For the years ended June 30, 2022 and 2021, transfers out of Level 3 receivables were $88,750 and $0, respectively.

Note 11. Endowment Investments

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. The Organization's endowment consists of an individual fund with such restrictions. The Organization has interpreted the enacted version of the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation is added to the fund.

Note 11. Endowment Investments (Continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund,
2. The purpose of the Organization and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and the appreciation of investments,
6. Other resources of the Organization, and
7. The investment policies the Organization.

From time to time, the fair value of the assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There was an unrealized loss on the endowment investments of $33,912 as of June 30, 2022. There were no transfers out of the Endowment for the year ended June 30, 2022.

The Organization has adopted investment and spending policies for endowment funds that:

1. Protect the invested assets,
2. Preserve spending capacity of the fund income,
3. Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a minimal level, and
4. Comply with applicable laws.

Endowment composition by type of fund as of June 30, 2022:

	2022	2021
Endowment - Mutual Funds	**$ 467,579**	$ -
Total Endowment Net Assets	**$ 467,579**	$ -

Changes in endowment net assets at June 30 are as follows:

	With Donor Restrictions
Endowment Net Assets at June 30, 2021	$ -
Transfers	
Transfer to endowment	**500,000**
Investment Return	
Interest and dividends	**1,491**
Net unrealized loss	**(33,912)**
Total Net Investment Loss	**(32,421)**
Appropriation of Endowment net assets	**-**
Endowment Net Assets at June 30, 2022	**$ 467,579**

Note 12. Net Assets With Donor Restrictions

Net assets without donor restrictions consisted of the following at June 30:

		2022		2021
Endowment	$	467,579	$	-
Contributions receivable related to endowment		500,000		-
Restricted funds to support programs		25,931		100,685
Total Net Assets with Donor Restrictions	$	993,510	$	100,685

Note 13. Retirement Plan

The Organization has a 401(k) defined contributions retirement plan (the “Plan”). The Organization’s contributions to the Plan, determined as a matching contribution up to a specified percentage of the participant’s contributions, was $63,216 and $70,237 for the years ended June 30, 2022 and 2021, respectively. Plan administrative costs of $0 and $750 were paid by the Organization on behalf of the Plan for the years ended June 30, 2022 and 2021, respectively.

Note 14. Concentrations of Credit Risk

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits: The Organization maintains its cash at three financial institutions. As of June 30, 2022 and 2021, accounts at these institutions are insured to the extent provided by the Federal Deposit Insurance Corporation. As of June 30, 2022 and 2021, the Organization's uninsured cash balances totaled $442,969 and $595,883, respectively. The Organization has not experienced any losses on these accounts and does not believe it is exposed to any significant credit risk with respect to its depository accounts.

Concentrations of credit with respect to receivables are limited due to the large number of customers comprising the Organization’s customer base. As of June 30, 2022, the Organization had no concentrations of credit risk. As of June 30, 2021 the Organization had concentrations of credit risk related to a major donor as follows:

Major Donor: During the year ended June 30, 2021, the Organization had revenue from one major donor that comprised 14% of the Organization’s total revenue. There was contribution receivable due from this donor at June 30, 2021.

Note 15. Operating Lease

The Organization leases office space in San Diego, California, under a non-cancelable operating lease agreement that expires in December 2025. Rent expense is recognized on a straight-line basis over the expected lease term. Differences between amounts paid and amounts expensed are recorded as changes in deferred rent.

Note 15. Operating Lease (Continued)

Future minimum payments under the non-cancelable operating lease as of June 30, 2022 are as follows:

Years ending June 30:		
2023	$	78,111
2024		82,845
2025		87,579
2026		44,973
Thereafter		-
Total	$	293,508

Rent expense related to the operating lease was $81,088 and $66,778 for the years ended June 30, 2022 and 2021, respectively.

Note 16. Related Party Transactions

The Organization's Board Chair was also a Board member of Girard Foundation (the "Foundation"). The Organization received contributions from the Foundation in the amount of $131,000 and $67,000 for the years ended June 30, 2022 and 2021, respectively. Another Board member of the Organization serves as the Senior Vice President of San Diego Gas and Electric. The Organization received donations from San Diego Gas and Electric in the amount of $26,000 and $28,000 for the years ended June 30, 2022 and 2021, respectively.

Note 17. Subsequent Events

The Organization evaluated subsequent events through the date these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the financial statements.