

**SHAREFEST COMMUNITY DEVELOPMENT, INC.**

**CERTIFIED PUBLIC ACCOUNTANT'S  
AUDITED FINANCIAL STATEMENTS**

**Year Ended December 31, 2020 and 2019**

SHAREFEST COMMUNITY DEVELOPMENT, INC.

December 31, 2020 and 2019

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## **Independent Auditor's Report**

To the Board of Directors  
Sharefest Community Development, Inc.

We have audited the accompanying financial statements of Sharefest Community Development, Inc., which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sharefest Community Development, Inc. as of December 31, 2020 and 2019, 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.

*Stephens, Reidinger + Beller LLP*

Newport Beach, California  
May 26, 2021

SHAREFEST COMMUNITY DEVELOPMENT, INC.

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2020 and 2019

|                                   | <u>2020</u>                | <u>2019</u>                |
|-----------------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                     |                            |                            |
| Current assets                    |                            |                            |
| Cash                              | \$ 1,025,043               | \$ 228,155                 |
| Receivables                       | 40,948                     | 30,611                     |
| Prepays                           | -                          | 8,054                      |
| Deposits                          | 22,503                     | 14,453                     |
| Total current assets              | <u>1,088,494</u>           | <u>281,273</u>             |
| Property and equipment            |                            |                            |
| Office equipment                  | 12,213                     | 12,213                     |
| Youth Center                      | 854,608                    | 854,608                    |
| Less: accumulated depreciation    | <u>(76,308)</u>            | <u>(33,578)</u>            |
| Net property and equipment        | <u>790,513</u>             | <u>833,243</u>             |
| Total assets                      | <u><u>\$ 1,879,007</u></u> | <u><u>\$ 1,114,516</u></u> |
| <b>LIABILITIES AND NET ASSETS</b> |                            |                            |
| Current liabilities               |                            |                            |
| Accounts payable                  | \$ 15,523                  | \$ 33,352                  |
| Accrued paid time off             | 18,017                     | 19,792                     |
| Deferred revenue                  | 195,284                    | -                          |
| Total current liabilities         | <u>228,824</u>             | <u>53,144</u>              |
| Net assets                        |                            |                            |
| Without donor restrictions        | 1,611,933                  | 1,056,372                  |
| With donor restrictions           | <u>38,250</u>              | <u>5,000</u>               |
| Total net assets                  | <u>1,650,183</u>           | <u>1,061,372</u>           |
| Total liabilities and net assets  | <u><u>\$ 1,879,007</u></u> | <u><u>\$ 1,114,516</u></u> |

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

SHAREFEST COMMUNITY DEVELOPMENT, INC.

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2020

|                                       | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>2020<br/>Total</u> |
|---------------------------------------|---------------------------------------|------------------------------------|-----------------------|
| Public support                        |                                       |                                    |                       |
| Contributions                         | \$ 446,829                            | \$ 108,250                         | \$ 555,079            |
| Corporate/Foundation grants           | 266,216                               | 69,995                             | 336,211               |
| Government grants                     | 138,880                               | 190,000                            | 328,880               |
| In-kind donations                     | 75,716                                | -                                  | 75,716                |
| Interest income                       | 260                                   | -                                  | 260                   |
| Net assets released from restrictions | 334,995                               | (334,995)                          | -                     |
| Subtotal public support               | 1,262,896                             | 33,250                             | 1,296,146             |
| Special fund-raising events           |                                       |                                    |                       |
| Revenue                               | 159,132                               | -                                  | 159,132               |
| Expenses                              | (33,554)                              | -                                  | (33,554)              |
| Net support from fund-raising events  | 125,578                               | -                                  | 125,578               |
| Total revenue and support             | 1,388,474                             | 33,250                             | 1,421,724             |
| Expenses                              |                                       |                                    |                       |
| Program services                      | 680,951                               | -                                  | 680,951               |
| Management and general                | 61,598                                | -                                  | 61,598                |
| Fundraising                           | 90,364                                | -                                  | 90,364                |
| Total expenses                        | 832,913                               | -                                  | 832,913               |
| Increase in net assets                | 555,561                               | 33,250                             | 588,811               |
| Net assets at beginning of year       | 1,056,372                             | 5,000                              | 1,061,372             |
| Net assets at end of year             | <u>\$ 1,611,933</u>                   | <u>\$ 38,250</u>                   | <u>\$ 1,650,183</u>   |

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

SHAREFEST COMMUNITY DEVELOPMENT, INC.

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2019

|                                       | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>2019<br/>Total</u>      |
|---------------------------------------|---------------------------------------|------------------------------------|----------------------------|
| Public support                        |                                       |                                    |                            |
| Contributions                         | \$ 380,807                            | \$ -                               | \$ 380,807                 |
| Corporate/foundation grants           | 283,253                               | -                                  | 283,253                    |
| Government grants                     | 33,400                                | 5,000                              | 38,400                     |
| In-kind donations                     | 619,095                               | -                                  | 619,095                    |
| Interest income                       | 226                                   | -                                  | 226                        |
| Net assets released from restrictions | <u>152,500</u>                        | <u>(152,500)</u>                   | <u>-</u>                   |
| Subtotal public support               | 1,469,281                             | (147,500)                          | 1,321,781                  |
| Special fund-raising events           |                                       |                                    |                            |
| Revenue                               | 515,975                               | -                                  | 515,975                    |
| Expenses                              | <u>(250,815)</u>                      | <u>-</u>                           | <u>(250,815)</u>           |
| Net support from fund-raising events  | <u>265,160</u>                        | <u>-</u>                           | <u>265,160</u>             |
| Total revenue and support             | 1,734,441                             | (147,500)                          | 1,586,941                  |
| Expenses                              |                                       |                                    |                            |
| Program services                      | 1,267,982                             | -                                  | 1,267,982                  |
| Management and general                | 127,979                               | -                                  | 127,979                    |
| Fundraising                           | <u>187,444</u>                        | <u>-</u>                           | <u>187,444</u>             |
| Total expenses                        | <u>1,583,405</u>                      | <u>-</u>                           | <u>1,583,405</u>           |
| Increase in net assets                | 151,036                               | (147,500)                          | 3,536                      |
| Net assets at beginning of year       | <u>905,336</u>                        | <u>152,500</u>                     | <u>1,057,836</u>           |
| Net assets at end of year             | <u><u>\$ 1,056,372</u></u>            | <u><u>\$ 5,000</u></u>             | <u><u>\$ 1,061,372</u></u> |

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

SHAREFEST COMMUNITY DEVELOPMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

|  | Corporate<br>Service<br>Workday | Youth<br>Leadership<br>Academy | Total<br>Program<br>Services | Management<br>& General | Fundraising | Total      |
|--|---------------------------------|--------------------------------|------------------------------|-------------------------|-------------|------------|
| Personnel expenses                         |                                 |                                |                              |                         |             |            |
| Salaries and wages                         | \$ 92,471                       | \$ 254,822                     | \$ 347,293                   | \$ 13,952               | \$ 61,758   | \$ 423,003 |
| Payroll taxes and benefits                 | 14,606                          | 39,094                         | 53,700                       | 11,202                  | 8,851       | 73,753     |
| Travel and training                        | -                               | 1,146                          | 1,146                        | 189                     | 464         | 1,799      |
| Total personnel expenses                   | 107,077                         | 295,062                        | 402,139                      | 25,343                  | 71,073      | 498,555    |
| Operating expenses                         |                                 |                                |                              |                         |             |            |
| Program supplies and educational materials | 1,329                           | 28,546                         | 29,875                       | -                       | -           | 29,875     |
| Telephone and utilities                    | 1,390                           | 2,782                          | 4,172                        | 695                     | 695         | 5,562      |
| Insurance                                  | 3,828                           | 20,645                         | 24,473                       | 172                     | 650         | 25,295     |
| Outside services                           | 23,478                          | 75,002                         | 98,480                       | 1,687                   | 11,379      | 111,546    |
| Rent                                       | 19,417                          | 38,836                         | 58,253                       | 18,476                  | 941         | 77,670     |
| Transportation costs                       | -                               | 2,582                          | 2,582                        | -                       | -           | 2,582      |
| Meetings & promotions                      | 622                             | 64                             | 686                          | 1,896                   | 1,581       | 4,163      |
| Total operating expenses                   | 50,064                          | 168,457                        | 218,521                      | 22,926                  | 15,246      | 256,693    |
| General expenses                           |                                 |                                |                              |                         |             |            |
| Automotive                                 | 608                             | 412                            | 1,020                        | 41                      | 69          | 1,130      |
| Bank and merchant fees                     | 234                             | 390                            | 624                          | 1,124                   | 782         | 2,530      |
| Printing and publications                  | -                               | 3,970                          | 3,970                        | 2,085                   | -           | 6,055      |
| Office supplies and expenses               | -                               | -                              | -                            | 5,134                   | 132         | 5,266      |
| Postage and shipping                       | -                               | 24                             | 24                           | 292                     | 1,008       | 1,324      |
| Professional fees                          | 3,430                           | 6,864                          | 10,294                       | 1,716                   | 1,716       | 13,726     |
| Payroll processing                         | -                               | -                              | -                            | 1,444                   | -           | 1,444      |
| Dues and subscriptions                     | 59                              | 1,440                          | 1,499                        | 1,333                   | 338         | 3,170      |
| Licenses and permits                       | -                               | 130                            | 130                          | 160                     | -           | 290        |
| Depreciation                               | -                               | 42,730                         | 42,730                       | -                       | -           | 42,730     |
| Total general expenses                     | 4,331                           | 55,960                         | 60,291                       | 13,329                  | 4,045       | 77,665     |
| Total expenses                             | \$ 161,472                      | \$ 519,479                     | \$ 680,951                   | \$ 61,598               | \$ 90,364   | \$ 832,913 |

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



SHAREFEST COMMUNITY DEVELOPMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

|  | Youth Leadership Academy  |            |                |            | Total        |            |            |              |  |  |  |  |
|--|---------------------------|------------|----------------|------------|--------------|------------|------------|--------------|--|--|--|--|
|  | Corporate Service Workday | Summer YDA | Year Round YDA | Total      |              |            |            |              |  |  |  |  |
| Personnel expenses                         |                           |            |                |            |              |            |            |              |  |  |  |  |
| Salaries and wages                         | \$ 100,533                | \$ 110,825 | \$ 230,559     | \$ 341,384 | \$ 441,917   | \$ 32,087  | \$ 129,554 | \$ 603,558   |  |  |  |  |
| Payroll taxes and benefits                 | 16,915                    | 17,092     | 28,332         | 45,424     | 62,339       | 11,785     | 16,604     | 90,728       |  |  |  |  |
| Travel and training                        | -                         | -          | -              | -          | -            | 1,457      | 105        | 1,562        |  |  |  |  |
| Total personnel expenses                   | 117,448                   | 127,917    | 258,891        | 386,808    | 504,256      | 45,329     | 146,263    | 695,848      |  |  |  |  |
| Operating expenses                         |                           |            |                |            |              |            |            |              |  |  |  |  |
| Program supplies and educational materials | 165,244                   | 12,992     | 204,831        | 217,823    | 383,067      | -          | -          | 383,067      |  |  |  |  |
| Telephone and utilities                    | 1,550                     | 1,550      | 1,550          | 3,100      | 4,650        | 629        | 616        | 5,895        |  |  |  |  |
| Insurance                                  | 8,200                     | 8,200      | 7,964          | 16,164     | 24,364       | 1,486      | 2,170      | 28,020       |  |  |  |  |
| Outside services                           | 209,230                   | 5,100      | 15,291         | 20,391     | 229,621      | 43,620     | 26,270     | 299,511      |  |  |  |  |
| Rent                                       | 19,377                    | 19,456     | 19,376         | 38,832     | 58,209       | 18,456     | 921        | 77,586       |  |  |  |  |
| Transportation costs                       | 1,316                     | 14,858     | 5,919          | 20,777     | 20,777       | -          | -          | 20,777       |  |  |  |  |
| Meetings & promotions                      |                           | 139        | 578            | 717        | 2,033        | 1,752      | 4,084      | 7,869        |  |  |  |  |
| Total operating expenses                   | 404,917                   | 62,295     | 255,509        | 317,804    | 722,721      | 65,943     | 34,061     | 822,725      |  |  |  |  |
| General expenses                           |                           |            |                |            |              |            |            |              |  |  |  |  |
| Automotive                                 | 1,628                     | 641        | 1,346          | 1,987      | 3,615        | 144        | 330        | 4,089        |  |  |  |  |
| Bank and merchant fees                     | 165                       | 15         | 2              | 17         | 182          | 1,013      | 991        | 2,186        |  |  |  |  |
| Printing and publications                  | 2,347                     | 664        | 384            | 1,048      | 3,395        | 554        | 688        | 4,637        |  |  |  |  |
| Office supplies and expenses               | -                         | -          | 115            | 115        | 115          | 8,003      | 1,119      | 9,237        |  |  |  |  |
| Postage and shipping                       | 70                        | 110        | 8              | 118        | 188          | 697        | 662        | 1,547        |  |  |  |  |
| Professional fees                          | 3,225                     | 3,225      | 3,225          | 6,450      | 9,675        | 1,613      | 1,613      | 12,901       |  |  |  |  |
| Payroll processing                         | -                         | -          | -              | -          | -            | 1,774      | -          | 1,774        |  |  |  |  |
| Dues and subscriptions                     | 903                       | 230        | 910            | 1,140      | 2,043        | 2,081      | 1,678      | 5,802        |  |  |  |  |
| Licenses and permits                       | 38                        | 38         | 398            | 436        | 474          | 29         | 39         | 542          |  |  |  |  |
| Depreciation                               | -                         | -          | 21,318         | 21,318     | 21,318       | 799        | -          | 22,117       |  |  |  |  |
| Total general expenses                     | 8,376                     | 4,923      | 27,706         | 32,629     | 41,005       | 16,707     | 7,120      | 64,832       |  |  |  |  |
| Total expenses                             | \$ 530,741                | \$ 195,135 | \$ 542,106     | \$ 737,241 | \$ 1,267,982 | \$ 127,979 | \$ 187,444 | \$ 1,583,405 |  |  |  |  |

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

SHAREFEST COMMUNITY DEVELOPMENT, INC.

**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2020 and 2019

|  | <u>2020</u>         | <u>2019</u>       |
|--|---------------------|-------------------|
| Cash flows from operating activities             |                     |                   |
| Increase in net assets                           | \$ 588,811          | \$ 3,536          |
| Adjustment to reconcile changes in net assets    |                     |                   |
| Depreciation                                     | 42,730              | 22,117            |
| Donated construction of Youth Center             | -                   | (323,837)         |
| Decrease (increase) in operating assets          |                     |                   |
| Receivables                                      | (10,337)            | 121,706           |
| Prepays  | 8,054               | (1,923)           |
| Deposits   | (8,050)             | 7,978             |
| Increase (decrease) in operating liabilities     |                     |                   |
| Accounts payable                                 | (17,829)            | (18,193)          |
| Accrued paid time off                            | (1,775)             | 4,467             |
| Net cash provided (used) by operating activities | <u>796,888</u>      | <u>(184,149)</u>  |
| Net increase (decrease) in cash                  | 796,888             | (354,469)         |
| Cash, beginning of year                          | <u>228,155</u>      | <u>582,624</u>    |
| Cash, end of year                                | <u>\$ 1,025,043</u> | <u>\$ 228,155</u> |
| <br>Supplemental Disclosure                      |                     |                   |
| Noncash investing transaction                    |                     |                   |
| Total leasehold improvements                     | \$ -                | \$ 854,608        |
| 2019 construction in progress                    | -                   | (360,451)         |
| Less: amount paid by Organization                | -                   | (170,320)         |
| Donated construction of Youth Center             | <u>\$ -</u>         | <u>\$ 323,837</u> |

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

SHAREFEST COMMUNITY DEVELOPMENT, INC.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2020 and 2019

**NOTE 1: ORGANIZATION AND NATURE OF SERVICES**

Sharefest Community Development, Inc. (the Organization) is a non-profit benefit corporation formed in 2006 for charitable purposes. The Organization focuses on mentoring youth to develop the leaders of tomorrow, fostering volunteerism in the community through service projects in specific points of influence including schools, parks and community programs, and establishing working coalitions made up of city leaders, schools, businesses and the faith community.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies of the Organization.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Revenue Recognition**

The primary source for Sharefest Community Development, Inc.'s revenue is through public support. Public support comes mostly in the form of contributions from individuals and corporations, and foundation and government grants. Contribution income is recognized either when it is received or a pledge is determined to be certain and eminent. Grant income is recognized as the related service obligation is completed.

**Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or nonexistence of restrictions on use that are placed by its donors. The two classes of net assets are as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available to support the Organization's operations. The only limits on the use of these net assets, if any, are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

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, depending on the nature of the restriction.

SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020 and 2019

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Assets (continued)**

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a specified purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature and the Organization must continue to use these resources in accordance with donor’s restrictions.

The Organization’s unspent contributions are included in this class if the donor has limited their use. When a donor’s restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

**Classification of Transactions**

All revenues are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resource for a specified purpose or for a future period. All expenses are reported as decreases in net assets without donor restrictions.

**Cash, Cash Equivalents, and Concentration of Credit Risk**

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. The Organization maintains its cash with high-credit quality financial institutions, which at times may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. As of December 31, 2020 and 2019, the Organization has not incurred losses related to carrying cash balances in excess of the FDIC insurance limit.

**Allowance for Doubtful Accounts**

The Organization uses the allowance method to determine uncollectible receivables. Based on prior years’ experience and an analysis of account balances at December 31, 2020 and 2019, management believes that all receivables are collectible and therefore no allowance for doubtful accounts has been made.

SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020 and 2019

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Functional Allocation of Expenses**

The costs of providing programs and services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or service are charged directly to that program or service. Costs common to multiple functions have been allocated among various functions benefited using a reasonable allocation method that is consistently applied as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on hours spent on each program.
- Rent, utilities, and general administrative costs are allocated based on the number of days in a year the Organization spends on each program and supporting activity.

General and administrative expenses include costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising expenses are expensed as incurred and are charged to the respective fundraising cost center. When the Organization incurs shared costs that are both fundraising and general and administrative, the costs are allocated based on the methods described above.

**Property and Equipment**

The Organization records purchased property and equipment at cost. Donated property is capitalized at its estimated fair market value at the time of donation. Depreciation of office equipment is recorded on the straight-line basis over five years. The youth center is being depreciated over 20 years on a straight-line basis. Repairs and maintenance are expensed as incurred.

**Accrued Paid Time Off**

The Organization accrues for any unused vacation time at the end of the year. The amount of accrued employee vacation at December 31, 2020 and 2019 was \$18,017 and \$19,792, respectively.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent 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.

SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020 and 2019

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Advertising Costs**

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2020 and 2019 were \$9,355 and \$9,523, respectively.

**Donated Materials, Facilities, and Services**

When donated materials are received they are included in the accompanying financial statements where estimates of market value are available to measure the value of such materials. Contributed facilities are reported as in-kind contributions and expenses based upon the estimated usage value of the premises. Donated services are recognized when a non-financial asset is created or specialized skills are required and the Organization would otherwise need to purchase the services. The total in-kind contributions were as follows:

|                        | <u>2020</u>      | <u>2019</u>       |
|------------------------|------------------|-------------------|
| Supplies               | \$ 5,576         | \$ 195,917        |
| Labor                  | -                | 29,200            |
| Rent                   | 70,140           | 70,140            |
| Leasehold improvements | -                | 323,838           |
|                        | <u>\$ 75,716</u> | <u>\$ 619,095</u> |

**Income Taxes**

The Organization is exempt from Federal and California income tax under Internal Revenue Code (IRC) Section 501(c)(3) and Section 23701 of the California Revenue and Taxation Code. Therefore, no provision for income taxes has been included in the accompanying financial statements.

**NOTE 3: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 26, 2021, the date which the financial statements were available for issue, and no events occurred that required adjustments to the accompanying financial statements.

**NOTE 4: FUNDRAISING**

The Organization holds fundraising activities and special events in order to assist in program operations. All revenues received from such events in excess of expenses are used for current program operations. Direct fundraising expenses incurred in connection with these events for the years ended December 31, 2020 and 2019 was \$33,554 and \$250,815, respectively.

SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020 and 2019

**NOTE 5: LIQUIDITY AND AVAILABILITY**

Financial assets without donor or other restrictions limiting their use within one year of December 31, 2020, which are available for general expenditures are as follows:

|  |  |                     |
|--|--|---------------------|
| Financial assets:  |  |                     |
| Cash and cash equivalents                                      |  | \$ 1,025,043        |
| Accounts receivable  |  | 40,948              |
| Total financial assets   |  | <u>1,065,991</u>    |
| Less financial assets held to meet donor-imposed restrictions: |  |                     |
| Donor-restricted assets  |  | <u>(38,250)</u>     |
| Amount available for general expenditures within one year      |  | <u>\$ 1,027,741</u> |

Based on the table above, the Organization has \$1,027,741 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. The Organization receives approximately \$100,000 monthly in contributions and grant revenue to help offset operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2020 and 2019 consist of the following and were restricted for the following purposes:

|                          |                  |                 |
|--------------------------|------------------|-----------------|
|                          | <u>2020</u>      | <u>2019</u>     |
| Youth Leadership Academy | \$ 38,250        | \$ 5,000        |
|                          | <u>\$ 38,250</u> | <u>\$ 5,000</u> |

SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020 and 2019

**NOTE 7: PAYCHECK PROTECTION PROGRAM CONTRIBUTION**

In May 2020, the Organization was granted a “loan” from Malaga Bank for \$126,880, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted on March 27, 2020 in response to the coronavirus pandemic (see Note 8). Under the CARES Act, the PPP funds are intended to allow businesses to cover eligible expenses including payroll, benefits, rents, and utilities within a specified time period per program requirements.

In December of 2020, the PPP loan was paid in full by the Small Business Administration and the Organization has no further obligation to the bank as of December 31, 2020. The Organization has elected to account for the PPP loan in accordance with the guidance under FASB ASC 958-605 as a conditional contribution. The Organization initially recorded the amount received as a refundable advance followed by a reduction in the advance and recognition of revenue as the conditions of the loan were met. As of December 31, 2020, the Organization has substantially met all the conditions of the PPP program and therefore has recognized the full grant amount in the accompanying statement of operations as contribution income.

**NOTE 8: RISKS AND UNCERTANTIES**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States and worldwide. The coronavirus outbreak resulted in federal, state and local governments and private entities mandating various restrictions, including travel, in public gatherings, stay at home orders and quarantining of people who may have been exposed to the virus. In response to the pandemic and the various restrictions, Sharefest Community Development, Inc. has adjusted its operations to protect its employees and program participants from the virus while effectively providing services via virtual platforms when possible. As management continues to evaluate the impact that this global pandemic will have on future operations, management believes that Sharefest Community Development, Inc. can continue its operations, as the funding from various sources has not been affected by the coronavirus pandemic.