

**SHAREFEST COMMUNITY DEVELOPMENT, INC.**

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

**Years Ended December 31, 2023 and 2022**

SHAREFEST COMMUNITY DEVELOPMENT, INC.

December 31, 2023 and 2022

**TABLE OF CONTENTS**

Independent Auditor’s Report .....	1 - 2
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities.....	4 - 5
Statements of Functional Expenses .....	6 - 7
Statements of Cash Flows .....	8
Notes to Financial Statements.....	9 - 16

## **Independent Auditor's Report**

To the Board of Directors  
Sharefest Community Development, Inc.

### **Opinion**

We have audited the accompanying financial statements of Sharefest Community Development, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Sharefest Community Development, Inc. as of December 31, 2023 and 2022, 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 Sharefest Community Development, Inc. 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 Sharefest Community Development, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

# Stephens, Reidinger & Beller LLP

Certified Public Accountants

1301 Dove St., Suite 890  
Newport Beach, CA 92660

Telephone 949 752 7400

Facsimile 949 752 1883

[www.srbcpa.com](http://www.srbcpa.com)

## 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 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 Sharefest Community Development, Inc.'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 Sharefest Community Development, Inc.'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.

*Stephens, Reidinger + Beller LLP*

Newport Beach, California

June 13, 2024

SHAREFEST COMMUNITY DEVELOPMENT, INC.

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2023 and 2022

	<b>ASSETS</b>	
	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 1,891,180	\$ 2,185,416
Investment in certificate of deposit	412,363	-
Contributions receivable	<u>203,265</u>	<u>62,952</u>
Total current assets	<u>2,506,808</u>	<u>2,248,368</u>
Property and equipment		
Office equipment	14,257	12,213
Youth Center	854,608	854,608
Less: accumulated depreciation	<u>(205,180)</u>	<u>(161,768)</u>
Net property and equipment	<u>663,685</u>	<u>705,053</u>
Total assets	<u><u>\$ 3,170,493</u></u>	<u><u>\$ 2,953,421</u></u>
 <b>LIABILITIES AND NET ASSETS</b> 		
Current liabilities		
Accounts payable	30,667	130,061
Payroll liabilities	15,296	15,502
Accrued paid time off	33,662	22,163
Refundable advances	<u>-</u>	<u>22,500</u>
Total current liabilities	<u>79,625</u>	<u>190,226</u>
Net assets		
Without donor restrictions	2,965,868	2,763,195
With donor restrictions	<u>125,000</u>	<u>-</u>
Total net assets	<u>3,090,868</u>	<u>2,763,195</u>
Total liabilities and net assets	<u><u>\$ 3,170,493</u></u>	<u><u>\$ 2,953,421</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, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
<b>Public support</b>			
Contributions	\$ 515,047	\$ -	\$ 515,047
Corporate/Foundation grants	692,135	363,000	1,055,135
Government grants	192,758	218,634	411,392
In-kind donations	157,725	-	157,725
Net assets released from restrictions	456,634	(456,634)	-
Subtotal public support	2,014,299	125,000	2,139,299
Interest and other income	58,236	-	58,236
<b>Special fund-raising events</b>			
Revenue	284,812	-	284,812
Expenses	(160,549)	-	(160,549)
Net support from fund-raising events	124,263	-	124,263
<b>Total revenue and support</b>	2,196,798	125,000	2,321,798
<b>Expenses</b>			
Program services	1,581,877	-	1,581,877
Management and general	195,620	-	195,620
Fundraising	216,628	-	216,628
<b>Total expenses</b>	1,994,125	-	1,994,125
Increase in net assets	202,673	125,000	327,673
Net assets at beginning of year	2,763,195	-	2,763,195
Net assets at end of year	<u>\$ 2,965,868</u>	<u>\$ 125,000</u>	<u>\$ 3,090,868</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, 2022

	Without Donor Restrictions	With Donor Restrictions	2022 Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Public support			
Contributions	\$ 374,864	-	\$ 374,864
Corporate/foundation grants	750,698	461,372	1,212,070
Government grants	324,572	-	324,572
In-kind donations	142,350	-	142,350
Net assets released from restrictions	576,132	(576,132)	-
Subtotal public support	<u>2,168,616</u>	<u>(114,760)</u>	<u>2,053,856</u>
Interest and other income	<u>1,652</u>	<u>-</u>	<u>1,652</u>
Special fund-raising events			
Revenue	303,899	-	303,899
Expenses	<u>(176,210)</u>	<u>-</u>	<u>(176,210)</u>
Net support from fund-raising events	<u>127,689</u>	<u>-</u>	<u>127,689</u>
Total revenue and support	<u>2,297,957</u>	<u>(114,760)</u>	<u>2,183,197</u>
Expenses			
Program services	1,486,211	-	1,486,211
Management and general	117,711	-	117,711
Fundraising	<u>107,418</u>	<u>-</u>	<u>107,418</u>
Total expenses	<u>1,711,340</u>	<u>-</u>	<u>1,711,340</u>
Increase (decrease) in net assets	586,617	(114,760)	471,857
Net assets at beginning of year	<u>2,176,578</u>	<u>114,760</u>	<u>2,291,338</u>
Net assets at end of year	<u><u>2,763,195</u></u>	<u><u>-</u></u>	<u><u>\$ 2,763,195</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, 2023

	Youth Leadership Academy	Corporate Services	Total Program Services	Management & General	Fundraising	Total
Personnel expenses						
Salaries and wages	\$ 670,942	\$ 129,771	\$ 800,713	\$ 62,640	\$ 146,234	\$ 1,009,587
Payroll taxes and benefits	149,409	24,649	174,058	11,565	23,288	208,911
Travel and training	8,024	-	8,024	257	4,681	12,962
Total personnel expenses	828,375	154,420	982,795	74,462	174,203	1,231,460
Operating expenses						
Program supplies and educational materials	49,736	17,618	67,354	-	-	67,354
Telephone and utilities	2,760	1,365	4,125	687	683	5,495
Insurance	23,530	-	23,530	-	-	23,530
Outside services	141,155	202,530	343,685	33,852	21,792	399,329
Rent	2,346	1,174	3,520	586	586	4,692
Rent in-kind	52,500	26,250	78,750	26,250	-	105,000
Transportation costs	4,425	-	4,425	-	-	4,425
Meetings & promotions	5,207	-	5,207	8,626	4,840	18,673
Total operating expenses	281,659	248,937	530,596	70,001	27,901	628,498
General expenses						
Automotive	3,874	89	3,963	127	28	4,118
Bank and merchant fees	265	11	276	979	2,297	3,552
Printing and publications	2,063	-	2,063	595	125	2,783
Office supplies and expenses	221	-	221	11,940	4,735	16,896
Postage and shipping	256	-	256	794	286	1,336
Professional fees	10,050	1,875	11,925	25,175	1,988	39,088
Dues and subscriptions	6,209	161	6,370	11,347	5,065	22,782
Licenses and permits	-	-	-	200	-	200
Depreciation	43,412	-	43,412	-	-	43,412
Total general expenses	66,350	2,136	68,486	51,157	14,524	134,167
Total expenses	\$ 1,176,384	\$ 405,493	\$ 1,581,877	\$ 195,620	\$ 216,628	\$ 1,994,125

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, 2022

	Youth Leadership Academy	Corporate Services	Total Program Services	Management & General	Fundraising	Total
Personnel expenses						
Salaries and wages	\$ 644,480	\$ 136,711	\$ 781,191	\$ 56,568	\$ 70,200	\$ 907,959
Payroll taxes and benefits	94,245	21,057	115,302	8,932	10,317	134,551
Travel and training	337	-	337	-	1,807	2,144
Total personnel expenses	<u>739,062</u>	<u>157,768</u>	<u>896,830</u>	<u>65,500</u>	<u>82,324</u>	<u>1,044,654</u>
Operating expenses						
Program supplies and educational materials	58,722	37,647	96,369	-	-	96,369
Telephone and utilities	2,648	1,300	3,948	671	669	5,288
Insurance	33,465	-	33,465	-	-	33,465
Outside services	98,609	214,231	312,840	11,129	14,269	338,238
Rent	3,293	1,647	4,940	823	823	6,586
Rent in-kind	35,070	17,535	52,605	17,535	-	70,140
Transportation costs	603	-	603	-	-	603
Meetings & promotions	4,903	87	4,990	3,431	2,469	10,890
Total operating expenses	<u>237,313</u>	<u>272,447</u>	<u>509,760</u>	<u>33,589</u>	<u>18,230</u>	<u>561,579</u>
General expenses						
Automotive	2,052	135	2,187	34	63	2,284
Bank and merchant fees	281	91	372	1,637	1,508	3,517
Printing and publications	1,944	-	1,944	444	358	2,746
Office supplies and expenses	977	-	977	2,095	523	3,595
Postage and shipping	430	-	430	230	642	1,302
Professional fees	7,585	3,793	11,378	1,896	1,896	15,170
Payroll processing	-	-	-	1,554	-	1,554
Dues and subscriptions	19,465	106	19,571	10,532	1,874	31,977
Licenses and permits	32	-	32	200	-	232
Depreciation	42,730	-	42,730	-	-	42,730
Total general expenses	<u>75,496</u>	<u>4,125</u>	<u>79,621</u>	<u>18,622</u>	<u>6,864</u>	<u>105,107</u>
Total expenses	<u>\$ 1,051,871</u>	<u>\$ 434,340</u>	<u>\$ 1,486,211</u>	<u>\$ 117,711</u>	<u>\$ 107,418</u>	<u>\$ 1,711,340</u>

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase in net assets	\$ 327,673	\$ 471,857
Adjustment to reconcile changes in net assets:		
Depreciation	43,412	42,730
Noncash contribution of securities	(25,158)	-
Proceeds from sales of contributed securities	25,176	-
Gain on investments	(12,381)	-
Decrease (increase) in operating assets:		
Receivables	(140,313)	163,881
Increase (decrease) in operating liabilities:		
Accounts payable	(99,394)	112,720
Payroll liabilities	(206)	6,021
Accrued paid time off	11,499	(541)
Refundable advances	(22,500)	(187,301)
Net cash provided by operating activities	<u>107,808</u>	<u>609,367</u>
Cash flows from investing activities:		
Purchase of property and equipment	(2,044)	-
Purchase of investments	(400,000)	-
Net cash used in investing activities	<u>(402,044)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(294,236)	609,367
Cash and cash equivalents, beginning of year	<u>2,185,416</u>	<u>1,576,049</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,891,180</u></u>	<u><u>\$ 2,185,416</u></u>

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

SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

**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 gives youth facing significant barriers the skills, support, and connections they need to achieve economic success.

**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).

**Recent Accounting Pronouncement**

In September 2020, The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure but does not change the recognition or measurement requirements for those assets. The ASU became effective for the fiscal periods beginning after June 15, 2021, early adoption is permitted, and management has elected to adopt ASU 2020-07 as of and for the fiscal year ending December 31, 2022.

**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.

**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:

SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

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

**Net Assets (continued)**

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.

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, 2023 and 2022, the Organization has not incurred losses related to carrying cash balances in excess of the FDIC insurance limit.

SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

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

**Investment Valuation and Income Recognition**

Investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities. Disclosures are reported in accordance with Topic 820 of the Financial Accounting Standards Board (FASB) Accounting Standards Codification as amended in accordance with ASU 2018-13. Investment related fees are presented net of investment returns. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on the first in first out cost basis and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

**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, 2023 and 2022, management believes that all receivables are collectible and therefore no allowance for doubtful accounts has been made.

**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 ranging from three to 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, 2023 and 2022 was \$33,662 and \$22,163, respectively.

**Revenue and Revenue Recognition**

In accordance with ASU 2018-08, *Not-for-Profit Entities – Revenue Recognition (Subtopic 958-605)*, the Organization is first required to determine whether a contribution is conditional or unconditional. An unconditional contribution is recognized immediately and classified as either net assets without donor restrictions or net assets with donor restrictions. Conditional promises to give that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

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

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place.

**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.

**Advertising Costs**

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2023 and 2022 were \$9,905 and \$8,947, respectively.

SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

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

**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.

**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: INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under Topic 820 are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan can access at measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs that are unobservable inputs for the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Investment in certificate of deposit:* Consist of certificate of deposits with an original maturity greater than three months.

SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

**NOTE 3: INVESTMENTS AND FAIR VALUE MEASUREMENTS**

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities Exchange Commission. These funds are required to publish their net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2023, is a Level 1 investment in a certificate of deposit in the amount of \$412,363. There were no investments held at December 31, 2022.

**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, 2023 and 2022 was \$160,549 and \$176,210, respectively.

**NOTE 5: LIQUIDITY AND AVAILABILITY**

Financial assets without donor or other restrictions limiting their use within one year of December 31, 2023, which are available for general expenditures are as follows:

Financial assets:	
Cash and cash equivalents	\$ 1,891,180
Accounts receivable	203,265
Investment in certificate of deposit	412,363
Total financial assets	<u>2,506,808</u>
Less financial assets held to meet donor-imposed restrictions:	
Donor-restricted assets	(125,000)
Amount available for general expenditures within one year	<u>\$ 2,381,808</u>

Based on the table above, the Organization has \$2,381,808 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. The Organization receives approximately \$165,000 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.



SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

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

Net assets with donor restrictions at December 31, 2023 and 2022 consist of the following and were restricted for the following purposes:

	<u>2023</u>	<u>2022</u>
Youth Leadership Academy	\$ 125,000	\$ -
Total net assets with donor restrictions	<u>\$ 125,000</u>	<u>\$ -</u>

**NOTE 7: RETIREMENT PLAN**

On July 5, 2022, the Organization established a voluntary defined contribution 403(b) retirement plan available for all eligible employees under which it provides discretionary matching contributions. For the years ended December 31, 2023 and 2022 the discretionary match was 5% of the employee's salary. As of December 31, 2023 and 2022, the Organization contributed \$27,379 and \$10,427, respectively, to the plan.

**NOTE 8: DONATED MATERIALS AND FACILITIES**

Donated materials and facilities are reported as in-kind contributions in the accompanying statement of activities. Additional in-kind contributions from unrelated donors include the following donations:

Category	Type of Donation	Valuation	Amount	
			December 31, 2023	December 31, 2022
Donated materials	Tickets, gift cards, and other items used for live auction.	Market value of similar products	\$ 52,725	\$ 72,210
Donated facilities	Rental space	Comparable rents based on sq. ft.	<u>105,000</u>	<u>70,140</u>
		Total	<u>\$ 157,725</u>	<u>\$ 142,350</u>

SHAREFEST COMMUNITY DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

**NOTE 9: RELATED PARTY TRANSACTIONS**

The Organization opened a brokerage account in 2023 with an entity affiliated with a member of the Board of Directors. This brokerage account is used for donations of public stock. As of December 31, 2023, the brokerage account converted all public donations received into cash and cash equivalents and has a balance of \$25,456.

**NOTE 10: EMPLOYEE RETENTION CREDIT INCOME**

The Employee Retention Credit (ERC) is a refundable tax credit for businesses that continued to pay their employees during a shut down due to the Covid-19 pandemic or had significant declines in gross receipts from March 13, 2020 to December 31, 2021. During 2022, the Company filed amended payroll tax returns for the applicable credit period and qualified for ERC credits and refunds totaling \$115,941. The credits and interest were received during 2023 and are recorded as contribution income received in accordance with ASC 958-605, during the year ended December 31, 2023 in the accompanying statement of activities.

**NOTE 11: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 13, 2024, the date which the financial statements were available for issue, and no events occurred that required adjustments to the accompanying financial statements.