

**PATHWAYS TO INDEPENDENCE**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**December 31, 2021 and 2020**

## PATHWAYS TO INDEPENDENCE

December 31, 2021 and 2020

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Pathways to Independence  
Huntington Beach, California

### ***Opinion***

We have audited the financial statements of Pathways to Independence which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 Pathways to Independence as of December 31, 2021 and 2020, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pathways to Independence 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 Pathways to Independence's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 controls 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 Pathways to Independence's internal controls. 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 Pathways to Independence'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.

*Ronald Blue & Co. CPAs*

Santa Ana, California  
May 11, 2023

**PATHWAYS TO INDEPENDENCE**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 820,523	\$ 794,788
Cash and cash equivalents - restricted	<u>10,301</u>	<u>15,301</u>
Total cash and cash equivalents	<u>830,824</u>	<u>810,089</u>
Investments	373,320	336,822
Client loans receivable	2,800	2,396
Prepaid expenses	<u>22,800</u>	<u>9,804</u>
Total current assets	<u>1,229,744</u>	<u>1,159,111</u>
Noncurrent assets:		
Property and equipment, net	<u>4,612,572</u>	<u>4,760,813</u>
Total noncurrent assets	<u>4,612,572</u>	<u>4,760,813</u>
Total assets	<u>\$ 5,842,316</u>	<u>\$ 5,919,924</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 30,541	\$ 5,088
Accrued expenses	28,194	32,941
Deferred grant income - PPP	<u>-</u>	<u>49,177</u>
Total current liabilities	<u>58,735</u>	<u>87,206</u>
Total liabilities	<u>58,735</u>	<u>87,206</u>
Net assets:		
Without donor restrictions		
Undesignated	5,593,388	5,637,525
Board designated	179,892	179,892
With donor restrictions	<u>10,301</u>	<u>15,301</u>
Total net assets	<u>5,783,581</u>	<u>5,832,718</u>
Total liabilities and net assets	<u>\$ 5,842,316</u>	<u>\$ 5,919,924</u>

See independent auditors' report and accompanying notes

**PATHWAYS TO INDEPENDENCE**

**STATEMENTS OF ACTIVITIES**

For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenues:						
Contributions	\$ 93,230	\$ -	\$ 93,230	\$ 146,540	\$ -	\$ 146,540
Donated stock	14,500	-	14,500	-	-	-
Grants	564,981	113,607	678,588	44,750	45,000	89,750
Special events, net	443,623	-	443,623	870,522	-	870,522
Rent income - Residential Program	188,838	-	188,838	149,465	-	149,465
Investment income, net	21,998	-	21,998	88,316	-	88,316
Other	1,150	-	1,150	-	-	-
Net assets released from restriction	118,607	(118,607)	-	29,699	(29,699)	-
	1,446,927	(5,000)	1,441,927	1,329,292	15,301	1,344,593
Expenses:						
Program activities	1,007,358	-	1,007,358	1,136,757	-	1,136,757
Supporting activities:						
General and administrative	311,788	-	311,788	122,213	-	122,213
Fundraising	171,918	-	171,918	164,057	-	164,057
Total supporting activities	483,706	-	483,706	286,270	-	286,270
Total expenses	1,491,064	-	1,491,064	1,423,027	-	1,423,027
Change in net assets	(44,137)	(5,000)	(49,137)	(93,735)	15,301	(78,434)
<b>Net assets, beginning of year, restated</b>	5,817,417	15,301	5,832,718	5,911,152	-	5,911,152
<b>Net assets, end of year</b>	\$ 5,773,280	\$ 10,301	\$ 5,783,581	\$ 5,817,417	\$ 15,301	\$ 5,832,718

See independent auditors' report and accompanying notes

**PATHWAYS TO INDEPENDENCE**

**STATEMENTS OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2021

	Program activities	Supporting activities		Total
		General and administrative	Fundraising	
Expenses:				
Advertising and marketing	\$ 628	\$ 1,079	\$ 228	\$ 1,935
Auto	149,517	-	-	149,517
Bad debt	-	1,520	-	1,520
Bank and merchant fees	831	488	6,454	7,773
Books and supplies	38,713	6,376	646	45,735
Client Services	25,770	160	1,128	27,058
Conferences and meetings	125	-	1,665	1,790
Depreciation	-	151,542	-	151,542
Dues, subscriptions, and fees	2,842	6,208	1,435	10,485
Employee benefits	9,349	8,292	1,296	18,937
Furnishings	20,139	-	-	20,139
Housing	277,931	980	-	278,911
Insurance	1,782	7,250	459	9,491
Miscellaneous	2,517	-	-	2,517
Payroll taxes	12,664	5,106	10,927	28,697
Printing and postage	1,014	9,548	61	10,623
Professional fees	281	34,756	9,350	44,387
Repairs and maintenance	51,402	180	-	51,582
Salaries and wages	154,846	63,152	138,269	356,267
Telecommunications	4,182	9,174	-	13,356
Therapy and medical	86,547	5,977	-	92,524
Tuition fees	99,559	-	-	99,559
Utilities	66,719	-	-	66,719
	<u>66,719</u>	<u>-</u>	<u>-</u>	<u>66,719</u>
Total expenses	<u>\$ 1,007,358</u>	<u>\$ 311,788</u>	<u>\$ 171,918</u>	<u>\$ 1,491,064</u>

See independent auditors' report and accompanying notes

**PATHWAYS TO INDEPENDENCE**

**STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**

For the Year Ended December 31, 2020

	Program activities	Supporting activities		Total
		General and administrative	Fundraising	
Expenses:				
Advertising and marketing	\$ 383	\$ 67	\$ 1,283	\$ 1,733
Auto	125,632	-	-	125,632
Bank and merchant fees	648	342	6,397	7,387
Books and supplies	39,464	3,479	859	43,802
Client Services	18,227	-	-	18,227
Conferences and meetings	477	89	327	893
Depreciation	151,060	-	-	151,060
Dues, subscriptions, and fees	3,893	2,109	373	6,375
Employee benefits	10,932	7,458	221	18,611
Furnishings	16,586	-	-	16,586
Housing	299,123	-	-	299,123
Insurance	2,670	14,205	261	17,136
Miscellaneous	9,616	-	-	9,616
Payroll taxes	7,425	3,056	16,480	26,961
Printing and postage	3,788	4,768	2,104	10,660
Professional fees	23,743	13,753	-	37,496
Repairs and maintenance	51,242	-	-	51,242
Salaries and wages	132,949	54,590	133,496	321,035
Telecommunications	2,758	18,297	2,256	23,311
Therapy and medical	67,323	-	-	67,323
Tuition fees	96,359	-	-	96,359
Utilities	72,459	-	-	72,459
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 1,136,757</u>	<u>\$ 122,213</u>	<u>\$ 164,057</u>	<u>\$ 1,423,027</u>

See independent auditors' report and accompanying notes



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### STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (49,137)	\$ (78,434)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation expense	151,542	151,060
Donated stock	(14,500)	-
Realized and unrealized (gain) loss	(18,218)	(84,346)
Investment fees - noncash	633	-
Dividends reinvested	(4,413)	(2,422)
Changes in:		
Client loans receivable	(404)	225
Prepaid expenses	(12,996)	283
Accounts payable	25,453	(24,737)
Accrued expenses	(4,747)	(20,873)
Deferred grant income - PPP	(49,177)	49,177
Deferred revenue	-	(141,000)
Net cash flows from operating activities	<u>24,036</u>	<u>(151,067)</u>
<b>Cash flows from investing activities:</b>		
Investments converted to cash	(251,827)	-
Cash proceeds from investments	251,827	-
Acquisition of property and equipment	(3,301)	-
Net cash flows from investing activities	<u>(3,301)</u>	<u>-</u>
Net change in cash and cash equivalents	20,735	(151,067)
<b>Total cash and cash equivalents, beginning of year</b>	<u>810,089</u>	<u>961,156</u>
<b>Total cash and cash equivalents, end of year</b>	<u>\$ 830,824</u>	<u>\$ 810,089</u>

See independent auditors' report and accompanying notes

## PATHWAYS TO INDEPENDENCE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

#### **Note 1 – Summary of significant accounting policies**

This summary of significant accounting policies is presented to assist the reader in understanding the accompanying financial statements. The financial statements and notes are the representations of Pathways to Independence's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

#### Nature of activities

Pathways to Independence (the Organization) was incorporated in 1994 as a California nonprofit corporation to provide long-term and comprehensive assistance through personalized strategies to young women in Long Beach and Orange County who are living below the poverty level, who come from an abusive background, and who have a serious desire to become financially and socially self-sufficient and to contribute to our society. This assistance includes education and job training, professional counseling and medical care, part-time employment, and mentoring.

In order to provide for the physical, emotional, and psychological needs of its clients throughout their educational training, the Organization seeks participating and contributions from individuals, healthcare professionals, and businesses.

#### Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

#### Concentrations of credit risk

The Organization maintains its cash deposit accounts at various commercial banks located in Southern California. Cash accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) up to \$250,000. The balances in these accounts may, at times, exceed federally insured limits. At December 31, 2021 and 2020, cash balances exceeded insured limits by \$459,199 and \$329,149 respectively. Management believes the Organization is not exposed to any significant risk in connection with cash accounts.

#### Cash and cash equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building project endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

#### Cash and cash equivalents – restricted

The Church routinely receives contributions that are subject to donor-imposed restrictions. Restricted cash consists of those amounts set aside to comply with such restrictions.

## PATHWAYS TO INDEPENDENCE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

#### **Note 1 – Summary of significant accounting policies (continued)**

##### Loans receivable

From time to time and on a case-by-case basis, the Organization will provide an advance of the monthly stipend to a client. These advances are recorded as loans receivable on the statement of financial position and are paid back by the clients through a deduction of future stipends.

##### Promises to give

The Organization may at times receive pledges from donors. Since these pledges do not meet the criteria for revenue recognition they are not reflected as contributions in the statements of activities until the donations are received.

##### Property and equipment

Capital expenditures over \$1,000 for property and equipment are capitalized, and presented at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to forty years. Donated assets are capitalized at their approximate fair value at the date of the gift. Depreciation expense for the years ended December 31, 2021 and 2020, were \$151,542 and \$151,060 respectively.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During 2021 and 2020, there were no events or changes in circumstances indicating that the carrying amount of long-lived assets may not be recoverable.

##### Net assets

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. At December 31, 2021 and 2020, net assets with donor restrictions consisted of \$10,301 and \$15,301 respectively.

## PATHWAYS TO INDEPENDENCE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

#### **Note 1 – Summary of significant accounting policies (continued)**

##### Revenue recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a benefit interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue is recognized when earned.

Rental income under an operating lease agreement should be recognized on a straight-line basis. The Organization records rental income according to each tenant's lease agreement. The difference between the two methods was determined to be immaterial to the financial statements.

Revenue from contracts is recognized when the Organization satisfies a performance obligation by transferring a promised good or service to a customer. The Organization considers the terms of the contract and all relevant facts and circumstances when applying the revenue recognition standard. The Organization also applies the revenue recognition standard consistently to contracts with similar characteristics and in similar circumstances.

##### Contributed goods and services

Volunteers contribute amounts of time to the program activities, administration, and fundraising and development activities carried out by the Organization. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States. Contributed goods are recorded at fair value at the date of the donation. Donated professional services are recorded at their respective fair values. No significant contributions of such goods or services were received during the years ended December 31, 2021 and 2020.

##### Functional allocation of expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain significant expenses are allocated on a basis of square footage, such as depreciation and other facilities expenses; while others are allocated on a basis of time and effort estimates, such as items related to payroll.

##### Advertising and marketing costs

The Organization records advertising and marketing expenses when incurred. Advertising and marketing expense for the years ended December 31, 2021 and 2020, were \$1,935 and \$1,733 respectively.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

**Note 1 – Summary of significant accounting policies (continued)**

Income taxes

The Organization is exempt from Federal and California income tax under Internal Revenue Code section 501(c)(3). The Organization is subject, however, to Federal and California income tax on unrelated business income as stipulated in Internal Revenue Code Section 511 and Regulation Section 1.511. During the years ended December 31, 2021 and 2020, the Organization had no activities unrelated to its exempt purpose, and therefore incurred no tax liability due to unrelated business income. The Organization does not believe its financial statements include (or reflect) any uncertain tax positions.

Use of 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 and disclosures. Accordingly, actual results could differ from these estimates.

Reclassifications

Certain prior year amounts were reclassified to conform to the current year presentation. These reclassifications had no impact on the change in net assets.

**Note 2 – Liquidity and availability**

As part of liquidity management, the Organization has put a policy in place to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditure within one year consisted of the following at December 31, 2021:

Total cash and cash equivalents	\$ 830,824
Investments	373,320
Loans receivable	<u>2,800</u>
Total financial assets	1,206,944
Donor contributions with specific purpose restrictions	10,301
Board designated Rainy Day Fund	<u>179,892</u>
Total restrictions	<u>190,193</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,016,751</u>

## PATHWAYS TO INDEPENDENCE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

#### Note 3 – Investments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**Level 2:** Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

*Equity securities, mutual funds, and ETFs:* Valued at the closing price reported on the active market on which individual securities are traded.

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2021 and 2020

**Note 3 – Investments (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of December 31, 2021 and 2020:

	<b>2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments:				
Equity securities	\$ 9,832	\$ -	\$ -	\$ 9,832
Mutual funds, ETFs	106,550	-	-	106,550
Cash, money markets	256,938	-	-	256,938
	<b>\$ 373,320</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 373,320</b>

	<b>2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments:				
Equity securities	\$ 325,550	\$ -	\$ -	\$ 325,550
Cash, money markets	9,922	-	-	9,922
Fixed income funds	1,350	-	-	1,350
	<b>\$ 336,822</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 336,822</b>

Investment income was comprised of the following for the year ended December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Dividends and interest	\$ 4,413	\$ 3,970
Realized and unrealized gain (loss)	18,218	84,346
Investment fees	(633)	-
Total investment income, net	<b>\$ 21,998</b>	<b>\$ 88,316</b>

**PATHWAYS TO INDEPENDENCE**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2021 and 2020

**Note 4 – Property and equipment**

Property and equipment consisted of the following at December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Land	\$ 1,851,301	\$ 1,851,301
Buildings and improvements	4,236,134	4,236,135
Appliances and furniture	<u>56,912</u>	<u>53,712</u>
Total property and equipment	6,144,347	6,141,148
Less: accumulated depreciation	<u>(1,531,775)</u>	<u>(1,380,335)</u>
Property and equipment, net	<u>\$ 4,612,572</u>	<u>\$ 4,760,813</u>

**Note 5 – Deferred grant income – PPP**

On August 6, 2020, the Organization received funds in the amount of \$49,177 via the Paycheck Protection Program under the CARES Act. The funds were initially recorded as deferred grant income. On July 7, 2021, the funds received via the Paycheck Protection Program were forgiven in full and recognized as grant income.

**Note 6 – Net assets with donor restrictions**

Net assets with donor restrictions consisted of the following at December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Tuition and virtual learning	<u>\$ 10,301</u>	<u>\$ 15,301</u>
Total net assets with donor restrictions	<u>\$ 10,301</u>	<u>\$ 15,301</u>



## PATHWAYS TO INDEPENDENCE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

#### **Note 7 – Risks and uncertainties**

The Organization is party to occasional legal disputes in the normal course of business, and maintains adequate general counsel in order to mitigate risks and losses. The Organization believes its insurance coverage would cover any potential settlements or losses, therefore the accompanying financial statements include no adjustments relating to the effects of such matters.

#### **Note 8 – Prior period adjustment**

During the year ended December 31, 2022, management became aware that a prior period donation was treated incorrectly with regard to the donor stipulated restrictions, and the restricted amount had been overstated. Therefore, the prior period was adjusted to reflect this. Beginning restricted net assets for the year ended December 31, 2020, was reduced by \$174,325 which increased unrestricted net assets by the same amount. Additionally, investment income for 2021, in the amount of \$84,436 was reclassified to unrestricted, and released from restrictions was increased by \$2,718. The impact of the prior period adjustments was a decrease in restricted net assets as of December 31, 2021, of \$261,389, which increased unrestricted assets by the same amount, and a net zero impact overall.

#### **Note 9 – Subsequent events**

##### Management's evaluation

Management has evaluated subsequent events through May 11, 2023, the date the financial statements were available to be issued.