

Financial Statements  
December 31, 2022

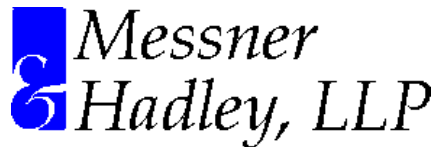
Academy for Grassroots Organizations

# Academy for Grassroots Organizations

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December 31, 2022

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*Certified Public Accountants*

Paul S. Messner, CPA  
Cindra J. Hadley, CPA  
James M. Quinn, CPA, CFE

## **Independent Auditors' Report**

The Board of Directors  
Academy for Grassroots Organizations  
Oak Hills, California

### **Opinion**

We have audited the accompanying financial statement of Academy for Grassroots Organizations (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Academy for Grassroots Organizations as of December 31, 2022, and the changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Academy for Grassroots Organizations and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibility of Management 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.

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 Academy for Grassroots Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards will always detect a material misstatement when it exists.

19015 Town Center Drive, Suite 204 \* Apple Valley \* California 92308  
(760) 241-6376 \* Fax (760) 241-2011  
messnerandhadley.com

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 judgement 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 Academy for Grassroots Organizations' 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 Academy for Grassroots Organizations' 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.

*Messner & Hadley, LLP*

Messner & Hadley, LLP  
Certified Public Accountants

Apple Valley, California  
September 1, 2023

Academy for Grassroots Organizations  
Statement of Financial Position  
December 31, 2022

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Assets	
<b>Current assets</b>	
Cash and equivalents	\$ 28,341
Beneficial interest in assets held by Inland Empire Community Foundation	<u>452,346</u>
Total current assets	480,687
<b>Noncurrent assets</b>	
Property and equipment, net	<u>-</u>
Total assets	<u><u>\$480,687</u></u>
Liabilities and Net Assets	
<b>Current liabilities</b>	
Accounts payable	\$ 3,074
Payroll payable	5,080
Payroll taxes payable	2,202
Accrued compensated absences	<u>9,549</u>
Total liabilities	<u>19,905</u>
<b>Net Assets</b>	
Without donor restrictions	448,407
With donor restrictions	<u>12,375</u>
Total net assets	<u>460,782</u>
Total liabilities and net assets	<u><u>\$480,687</u></u>

Academy for Grassroots Organizations  
Statement of Activities  
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 97,790	\$ 30,000	\$ 127,790
Program service fees	16,120	-	16,120
Net assets released from restrictions	58,667	(58,667)	-
Total revenue, support, and gains	172,577	(28,667)	143,910
Expenses			
Program services			
Training and education	155,375	-	155,375
Supporting services expense			
General and administrative	25,628	-	25,628
Fundraising	31,381	-	31,381
Total expenses	212,384	-	212,384
Other income (expense)			
Change in value of beneficial interest in assets held by the Inland Empire Community Foundation	(19,684)	-	(19,684)
Total other income (expense)	(19,684)	-	(19,684)
Change in Net Assets	(59,491)	(28,667)	(88,158)
Net Assets, Beginning of Year	507,898	41,042	548,940
Net Assets, End of Year	\$ 448,407	\$ 12,375	\$ 460,782

Academy for Grassroots Organizations  
Statement of Functional Expenses  
Year Ended December 31, 2022

	Program Services	Supporting Activities		Total
	Training & Education	General & Administrative	Fundraising	
Salaries and wages	\$ 102,543	\$ 15,775	\$ 13,147	\$ 131,465
Payroll costs and benefits	11,313	1,740	1,450	14,503
Total salaries and payroll costs	113,856	17,515	14,597	145,968
Contract services	13,622	3,400	13,940	30,962
Conferences and meetings	2,716	418	349	3,483
Insurance	2,669	412	342	3,423
Marketing	641	98	82	821
Office administration	14,211	3,054	1,460	18,725
Professional fees	4,680	719	601	6,000
Postage and printing	80	12	10	102
Training projects	2,900	-	-	2,900
Total expenses by function	<u>\$ 155,375</u>	<u>\$ 25,628</u>	<u>\$ 31,381</u>	<u>\$ 212,384</u>

Academy for Grassroots Organizations  
Statement of Functional Expenses  
Year Ended December 31, 2022

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	<u>Program Services</u>	<u>Supporting Activities</u>		<u>Total</u>
	<u>Training &amp; Education</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	
Salaries and wages	\$ 102,543	\$ 15,775	\$ 13,147	\$ 131,465
Payroll costs and benefits	11,313	1,740	1,450	14,503
<b>Total salaries and payroll costs</b>	<b>113,856</b>	<b>17,515</b>	<b>14,597</b>	<b>145,968</b>
Contract services	3,947	26,929	86	30,962
Conferences and meetings	2,716	418	349	3,483
Insurance	2,669	412	342	3,423
Marketing	641	98	82	821
Office administration	14,211	3,054	1,460	18,725
Professional fees	4,680	719	601	6,000
Postage and printing	80	12	10	102
Training projects	2,900	-	-	2,900
<b>Total expenses by function</b>	<b>\$ 145,700</b>	<b>\$ 49,157</b>	<b>\$ 17,527</b>	<b>\$ 212,384</b>



**Note 1 - Principal Activity and Significant Accounting Policies**

**Organization**

Academy for Grassroots Organizations is a nonprofit corporation organized in California in August 2000 as High Desert Community Coalitions. In August 2005 the Organization changed its name to High Desert Resource Network. In March 2012 the Organization changed its name to Academy for Grassroots Organizations. The Organization is governed by a volunteer board of directors and its primary function is to convene, equip, and guide community leaders in San Bernardino and Riverside Counties. Its activities include technical assistance, training, resource development, fostering collaboration, resource sharing, and community education. The organization serves circa 6,000 nonprofit professionals and volunteers annually. Its primary sources of revenue are from contributions and grants and fees related to the training and educational services it provides.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Fair value measurements**

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs      Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 Inputs      Inputs other than quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs      Unobservable inputs for the asset or liability.

The Organization is required to measure the beneficial interest in assets held by others at fair value in accordance with GAAP. The technique used to measure this assets is described in Note 2.

**Concentrations of Credit Risk and Market Risk**

The Organization's beneficial interest in assets held by others constitutes a concentration of credit and market risk.

**Revenue and Revenue Recognition**

Contributions includes gifts, grants, and unconditional promises to give and are recorded as net assets with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted support. The Organization's policy of accounting for long-lived assets received without stipulation as to the use is to report such contributions as unrestricted.

**Note 1 - Principal Activity and Significant Accounting Policies (continued)**

**Revenue and Revenue Recognition (continued)**

Promises to give (pledges) are recognized as revenues in the period the pledge is received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received.

**Property and Equipment**

We record property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is provided over 5 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2022.

**Basis of Presentation**

The financials statements of the Organization comply with the Financial Statements of Not-for-Profit Organizations topic of the FASB Codification. Under this topic, the Organization reports information regarding its financial position and activities according to the following net asset classifications:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Advertising Costs**

Advertising costs are expensed as incurred, and approximated \$821 during the year ended December 31, 2022.

**Note 1 - Principal Activity and Significant Accounting Policies (continued)**

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses have been allocated on the basis of estimates developed by management using time and effort for all expenses.

**Income Taxes**

The Organization a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

**Note 2 - Beneficial Interest in Assets Held by Others**

The Organization’s cash and investments are held by the Inland Empire Community Foundation(“IECF”). The Organization directs the classification of support and revenues at the time cash receipts are deposited with the IECF. Similarly, the Organization directs the classification of expenses and payment of liabilities made and recorded by the IECF. The IECF pools the Organization’s cash and investments with its own and those of other organizations. Investment allocations are made in accordance with the terms in the agreement between the Organization and the IECF. The IECF withdraws administrative fees from the Organization’s deposits. The Organization may elect to withdraw any money held by the IECF with written notice.

The Organization reports its beneficial interest in assets held by others at the IECF established fair value of the invested funds, which is generally equivalent to the present value of future payments expected to be received. The beneficial interest in assets held by others is categorized as Level 3 on December 31, 2022. The Organization used significant unobservable inputs as follows:

<u>Type of investment</u>	<u>Fair Value at 12/31/22</u>	<u>Valuation Technique</u>	<u>Unobservable</u>
Beneficial interest in Assets held by others Received	\$452,346	Net Asset Value (NAV)	Present Value Expected Future Amount to be

**Note 3 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 28,341
Beneficial interest in assets held by Inland Empire	452,346
Less:	
Donor-imposed restrictions making financial assets unavailable for general expenditure	<u>(12,375)</u>
 Financial assets available within one year to meet cash needs for general expenditure	 <u><u>\$ 468,312</u></u>

**Note 4 - Property and Equipment**

Property and equipment consists of the following at December 31, 2022:

Office equipment	\$ 7,177
Less accumulated depreciation	<u>(7,177)</u>
 Total property and equipment, net	 <u><u>\$ -</u></u>

Depreciation expense totaled \$0 for the year ended December 31, 2022.

**Note 5 - Related Party Transactions**

The Inland Empire Community Foundation was paid \$15,020 for accounting and administrative services during the year. At December 31, 2022, there were no administrative fees payable due to IECF.

During the year, the Organization paid \$7,013 to Inland So Cal United Way, a board director's employer, for services related to grant writing.

**Note 6 - Net Assets with Donor Restrictions**

At December 31, 2022, net assets were restricted by donor as follow:

Training program-time restriction	<u><u>\$ 12,375</u></u>
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**Note 7 - Net Assets Released from Restrictions**

During the year ended December 31, 2022, net assets with donor restrictions were released for the following purposes:

General operations-time restriction	<u>\$ 58,667</u>
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**Note 8 - Defined Contribution Plan**

The Organization maintains a defined contribution plan for its employees. For the year ended December 31, 2022, the Organization contributed \$2,480 towards its employees' retirement accounts

**Note 9 - Subsequent Events**

We have evaluated subsequent events through September 1, 2023, the date the financial statements were available to be issued.