CLIMATE ACTION CAMPAIGN

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

As of and For

YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Climate Action Campaign

Opinion

We have audited the accompanying financial statements of Climate Action Campaign (a California nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 Climate Action Campaign as of December 31, 2023, and the changes in its net assets and its cash flows 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 Climate Action Campaign 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.

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 Climate Action Campaign's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 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, including omissions, 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 Climate Action Campaign'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 Climate Action Campaign'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.

Miller CPA Group, P.C.

Carlsbad, California
January 24, 2025

CLIMATE ACTION CAMPAIGN
STATEMENT OF FINANCIAL POSITION
December 31, 2023

Assets	
Current Assets	
Cash and cash equivalents	$ 1,433,024
Accounts receivable, net of current expected credit losses	144,560
Grants receivable	125,000
Interest receivable	5,396
Investments	582,732
Prepaid expenses and deposits	6,764
Total Current Assets	2,297,476
Noncurrent Assets	
Grants receivable, net of discount	120,944
Total Assets	$ 2,418,420
Liabilities and Net Assets	
Current Liabilities	
Accounts payable and accrued expenses	$ 150,320
Total Liabilities	150,320
Commitments and Contingencies	
Net Assets	
Without donor restrictions	1,882,774
With donor restrictions	385,326
Total Net Assets	2,268,100
Total Liabilities and Net Assets	$ 2,418,420

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

CLIMATE ACTION CAMPAIGN
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions and grants	$ 544,233	$ 258,000	$ 802,233
Program income	501,898	-	501,898
Government grants and assistance	85,000	-	85,000
Special events less direct expenses of $12,826	69,925	-	69,925
Interest income	23,213	-	23,213
Investment return, net fees of $4,775	65,267	-	65,267
Other income	20,360	-	20,360
Loss on disposal of fixed asset	(5,986)	-	(5,986)
Net assets released from restrictions	486,962	(486,962)	-
Total Support and Revenue	1,790,872	(228,962)	1,561,910
Expenses			
Program services	1,133,564	-	1,133,564
Supporting services			
Management and general	201,254	-	201,254
Fundraising	135,894	-	135,894
Total Expenses	1,470,712	-	1,470,712
Change in Net Assets	320,160	(228,962)	91,198
Net Assets, Beginning	$ 1,562,614	$ 614,288	$ 2,176,902
Net Assets, Ending	$ 1,882,774	$ 385,326	$ 2,268,100

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

CLIMATE ACTION CAMPAIGN
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	Program Expenses	Management and General	Fundraising	Total
Salaries and wages	$ 881,303	$ 105,008	$ 107,524	$ 1,093,835
Payroll taxes	69,804	8,317	8,516	86,637
Employee benefits	75,639	9,013	9,229	93,881
Direct program expenses	11,359	-	-	11,359
Grants to other organizations	1,000	-	-	1,000
Professional fees	5,000	71,304	-	76,304
Office expenses	21,334	2,542	2,603	26,479
Information technology	14,475	1,725	1,766	17,966
Occupancy	19,337	2,304	2,359	24,000
Travel	15,490	-	1,721	17,211
Conferences and meetings	10,005	-	1,112	11,117
Depreciation	570	58	58	686
Insurance	4,101	489	500	5,090
Miscellaneous	4,147	494	506	5,147
Total Expenses	$ 1,133,564	$ 201,254	$ 135,894	$ 1,470,712

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

CLIMATE ACTION CAMPAIGN
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Expenses	Management and General	Fundraising	Total
Salaries and wages	$	$	$	$ -
Payroll taxes				-
Employee benefits				-
Direct program expenses				-
Professional fees				-
Office expenses				-
Information technology				-
Occupancy				-
Travel				-
Conferences and meetings				-
Depreciation				-
Insurance				-
Inkind				-
Miscellaneous				-
Total Expenses	$ 1,190,761	$ 186,465	$ 138,577	$ 1,515,803

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

CLIMATE ACTION CAMPAIGN
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

Cash Flows from Operating Activities	
Change in net assets	$ 91,198
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	646
Loss on disposal of fixed assets	5,986
Unrealized gain on investments	(53,224)
(Increase) decrease in operating assets	
Accounts receivable	(124,907)
Grants receivable	239,707
Interest receivable	5,396
Prepaid expenses and deposits	6,764
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	(20,546)
Net Cash Provided by Operating Activities	151,020
Cash Flows from Investing Activities	
Purchases of investments	(21,224)
Net Cash Used by Investing Activities	(21,224)
Net Change in Cash	129,796
Cash, Beginning of Year	$ 1,303,228
Cash, End of Year	$ 1,433,024

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

NOTE 1. ORGANIZATION

Nature of Operations

Climate Action Campaign (the Organization) is a California nonprofit public benefit organization established in 2014.

MISSION AND VISION

Climate Action Campaign's mission is to stop climate change by championing a 100% clean energy future through effective and equitable policy action. We organize this vital work into Five Fights through a lens of equity and justice: 100% clean electricity; all-electric homes; bikeable/walkable neighborhoods; world-class transit; and resiliency.

In the next ten years, Climate Action Campaign (CAC) will implement a replicable and scalable regional model for an equitable transition to 100% clean energy. Cities are leading the way on climate solutions, and we leverage this innovation and creativity to model solutions that can be exported around the world.

Climate Action Campaign's bottom-up theory of change puts municipalities, local industry leaders, nonprofits, and communities at the epicenter of climate action and climate solutions. Collaborating across sectors, CAC is leading the region to zero out emissions by 2035, in line with what climate science says is necessary to protect our health and future.

Founder Nicole Capretz and CAC successfully wrote San Diego's binding Climate Action Plan to achieve 100% clean energy by 2035 - becoming the largest city to make a commitment of this kind and the first city to integrate a requirement for a climate equity index to prioritize investments and solutions.

CAC secured the launch of two Community Choice Energy (CCE) programs in San Diego and one in Orange County, expanding their reach to 17 cities and the unincorporated County. This will result in cleaner air for over 1.2 million residents, accelerated innovation, a new clean energy economy, and progress toward stopping the climate crisis, as well as increased municipal momentum to commit to 100% clean electricity elsewhere.

We have settled our lawsuit with the City of San Diego, which concluded that the City must set annual greenhouse gas reduction targets and requires the City to disclose and amend when these targets fall short by more than 12.5%. This amendment must identify how the city will realign with its targets when off course by a certain percentage.

In 2019, Climate Action Campaign formed the San Diego Green New Deal Alliance. The Alliance is a diverse and growing coalition of 61 local community, business, environmental, labor, faith, and social justice organizations committed to a region that achieves Zero Carbon by 2035 through a fair and just transition for workers and communities of concern.

CAC has educated the public and media through six annual Climate Action Plan Report Cards in San Diego and Orange County that watchdog the progress of local municipalities and hold elected officials accountable.

Climate Action Campaign relies on the support of foundations, corporations, governments, and individuals. Funding helps advance the Organization's Five Fights in San Diego and Orange County (serving 6 million residents).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

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. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations (the Guide).

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

- *Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

  Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest earned. Nonoperating activities are limited to other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurement to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement (continued)

FASB ASC 820 establishes a three-tier hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs and to establish the classification of fair value measurement for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The standard describes a three-tier hierarchy of inputs that may be used to measure fair value:

> Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
>
> Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.
>
> Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Due to the short-term nature of cash, receivables, other assets, accounts payable and accrued expenses, fair value approximates carrying value.

Accounting Pronouncements Recently Adopted

Accounting Standards Update (ASU) 2016-13: Financial Instruments – Credit Losses (Topic 326)

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (ASC Topic 326) that provides guidance on how to measure and report credit losses for financial instruments. The Organization adopted ASU 2016-13 effective January 1, 2023. This new standard replaces the previously incurred loss impairment model with an expected credit loss model for financial instruments.

The current expected credit loss (CECL) model requires the organization to recognize an allowance for expected credit losses on financial instruments, including receivables, debt securities held-to-maturity, and other financial assets measured at amortized cost, from the time they are first added to the balance sheet. This approach reflects credit losses expected over the life of the asset, based on historical experience, current conditions, and reasonable and supportable forecasts.

The adoption of the CECL model impacts the account receivables category of financial instruments within the Organization.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Pronouncements Recently Adopted

ASU 2016-13 replaces the incurred loss methodology with the current expected credit loss (CECL) model. Under the CECL model, management must also consider current conditions and reasonable and supportable forecasts of future events and circumstances, in addition to experience, to estimate expected credit losses for certain financial assets, including:

- Financing receivables (loans, for example)
- Held-to-maturity debt securities (available-for-sale debt securities guidance has been amended separately and there is no change to the accounting for trading debt securities)
- Receivables that result from revenue transactions (trade receivables)
- Lease receivables recognized by a lessor

Financial assets excluded from the scope of ASU 2016-13 include:

- Promises to give (pledges) of nonprofit entities
- Loans and receivables between entities under common control
- Defined contribution employee benefit plan loans

ASU 2016-13 provides no threshold for recognition of an impairment allowance. Therefore, organizations must also measure expected credit losses on assets that have a low risk of loss. As a result, trade receivables that are either current or not yet due (which may not require an allowance reserve under current GAAP) may have an allowance for expected credit losses under ASU 2016-13.

The CECL model allows management to select the most appropriate method for estimating its expected credit losses based on the nature of their organization's financial assets. The adoption of the CECL standard did not result in a financial statements impact to the financial statements and did not require an adjustment to the balance of net assets without donor restrictions at the beginning of the fiscal year.

The estimates and assumptions used to calculate expected credit losses are forward-looking and could change over time as new information becomes available. The Organization will continue to evaluate the impact of economic and operational factors on the expected credit losses and adjust the allowance as necessary. The effect will largely depend on the composition of Organization financial assets subject to CECL and the economic conditions in future years.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Organization considers all highly liquid debt instruments, including money market funds, purchased with original maturities of three months or less to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these financial instruments.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

The accounts receivable arises in the normal course of business. It is the policy of management to review the outstanding accounts receivable at period end, as well as write-offs experienced in the past, and establish an allowance for expected credit losses.

Contributions and Grants Receivable

Unconditional promises to give, including contributions and grants, represent contributions verifiably committed by donors that are scheduled for payment in the future. Unconditional promises are recognized as assets and contribution revenue in the period the promise is received. Unconditional promises that are expected to be collected within one year are recorded at net realizable value. Unconditional promises that are expected to be collected in future years are recorded at the present value of their estimated future cash flows discounted at a risk adjusted rate. Amortization of the discount is recorded as additional contribution revenue.

An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior giving history, type of contribution, and collection risk. Based on its prior experience with donors and grantors, management expects the contributions and grants receivable to be fully collectible. Accordingly, no allowance was considered necessary as of December 31, 2023.

Conditional promises to give are recognized when the conditions (e.g., barriers) on which they depend are substantially met.

Investments

Investments consist primarily of assets invested in exchange traded funds and mutual funds. The Organization accounts for investments in accordance with FASB ASC 958-320, Accounting for Certain Investments Held By Not-for-Profit Organizations. This standard requires that investments in exchange traded funds and mutual funds with readily determinable fair value be measured at fair value in the statement of financial position. Fair value of exchange traded funds and mutual funds is based on quoted market prices.

Investment return (including realized and unrealized gains and losses on investments, interest and dividends, and investment expense) is included in the change in net assets without donor restrictions unless restricted by donor or law. Investment return on restricted assets is reported as an increase in net assets with donor restrictions if the asset restriction expires in the reporting period in which the income is recognized. All other restricted investment return is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

Property and Equipment

The Organization capitalizes all expenditures in excess of $2,500 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets of three to five years. Maintenance, repairs, and minor renewals are charged to operations as incurred. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period.

Leases

The Organization determines if an arrangement contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization's right-of-use assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the Organization's obligation to make lease payments arising from the leases. The lease commencement date is when the asset is available for use and in possession of the Organization. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

The Organization recognizes payments for certain leases as expense when incurred including short-term leases with a lease term of twelve months or less and leases with future lease payments less than $2,500. Lease expense for operating lease payments is recognized on the statement of activities on a straight-line basis over the lease term. These leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of the index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Leases with an initial term of twelve months or less are not recorded on the statement of financial position as a lease obligation and right-of-use asset, rather the related lease expense is recognized on a straight-line basis over the lease term. For lease agreements entered into or modified after the adoption of ASC 842, lease and non-lease components are combined.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Finance lease assets (previously referred to as a capital lease before the adoption of ASU 2016-02) are depreciated on a straight-line basis over the lease term, and are included within property, plant and equipment, net on the statement of financial position. Interest expense associated with finance leases is recorded based on the incremental borrowing rate.

Compensated Absences

Accumulated personal time off (PTO) is recorded as an expense and liability as benefits accrue to employees. For the year ended December 31, 2023, the accrued PTO liability was $60,812, and is included in accrued expenses in the statement of financial position.

Deferred Revenue

The Organization may collect cash for events that do not occur until the following year. The Organization's policy is to record these deposits as deferred revenue until the event takes place and the revenues are earned.

Revenue Recognition

Revenue from Contracts with Customers

The Organization recognizes revenue in accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization generally measures revenue based on the amount of consideration the Organization expects to be entitled for the transfer of goods to a customer, then recognizes this revenue when the Organization satisfies its performance obligations.

The Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied.

Contributions and Support

The Organization recognizes revenue from contributions, including grants, in accordance with ASU 2018-08, Not-For-Profit Entities (ASC Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. In accordance with Topic 958, the Organization evaluates whether a transfer of assets is (i) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (ii) a contribution.

If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under Topic 606, discussed above. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributions and Support (continued)

Contributed revenue may include gifts of cash or promises to give. Contributions and grants are recognized as revenues in the period received and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions and grants are not recognized until they become unconditional, that is, at the time when the conditions are substantially met. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement.

Special Events

Special event revenues received are not recognized until the revenue is earned, which is at the time of the event or when the services are provided, and the Organization does not believe it is required to provide additional goods or services to fulfill its related performance obligation. The recognition of revenue is conditional on the event taking place, as this is the point in time when the performance obligation of hosting the event occurs.

The Organization records special event revenue equal to contribution revenue less the cost of direct benefits to donors which is included in special event revenue on the statement of activities and changes in net assets.

Contributed Nonfinancial Assets

Contributed nonfinancial assets (in-kind) are recorded as support in the statement of activities. Such contributions are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. The Organization's policy is to use contributed nonfinancial assets for programmatic or other purposes unless the assets have no utility consistent with the Organization's mission. In those instances, the assets would be monetized. (See Note - for additional disclosures.)

Contributed Services

The Organization utilizes the services of volunteers throughout the year that perform a variety of tasks that assist the Organization with various programs. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such services do not meet the criteria for recognition as a contribution and are not reflected in the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

It is the policy of the Organization to ensure all expenses incurred are consistently and appropriately designated to their functional expense categories (program services, administrative, and fundraising) to allow for an accurate representation of the true program costs of the organization.

Functional expenses are allocated as follows:

Direct Expense
Direct expenses relate to one classification and can be directly charged as incurred.

Shared Direct Expense
Shared direct expenses are those that are incurred in support of program work and can be allocated. Examples of shared direct expenses include occupancy costs, technology, equipment, telephone, postage, office supplies, etc.

Indirect
Indirect expenses are only those expenses that are administrative in function. These typically include finance, human resources, and board expenses.

Allocation Basis – Payroll
The method of allocating costs for payroll is by the use of time studies. Employees document how time was being spent over a time period to determine, on average, where the employee is spending their time, whether it be program, management or fundraising.

Expense Allocation Process
- Program: Costs that result in the Organization fulfilling its mission.
- Management: Costs necessary for the operations of the Organization that are not identifiable with a specific program or fundraising.
- Fundraising: Costs that involve seeking, soliciting, or securing contributions.

This allocation process achieves a complete distribution of expenses to program areas and provides the Organization with an accurate understanding of true program costs.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. The Organization did not have any unrelated business income for the year ended December 31, 2023.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

The Organization follows the provision of uncertain tax positions as addressed in FASB Accounting Standards Codification. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. The Organization believes that it has taken no significant uncertain tax positions for the year ended December 31, 2023. Management believes the Organization is no longer subject to income tax examinations by applicable taxing jurisdictions for the years prior to December 31, 2019.

Advertising

The Organization expenses the cost of advertising as incurred. There were no advertising expenses for the year ended December 31, 2023.

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

NOTE 3. AVAILABILITY AND LIQUIDITY

The Organization manages financial assets to be available for general expenditures, liabilities, and other obligations as they come due. Financial assets available within one year are as follows:

	2023
Cash	$ 1,433,024
Accounts receivable	144,560
Grants receivable, current	125,000
Investments	582,732
Total financial assets	2,290,609
Less amounts not available to be used within one year:	
Restricted by donor with purpose and time restrictions	385,326
Financial assets available to meet general expenditures over the next twelve months	$ 1,905,283

The Organization receives contributions from donors which are available to meet annual cash needs for general expenditures, as well as contributions with donor restrictions to be used in accordance with the associated purpose restrictions. Restricted donations are closely monitored to provide assurance that grant commitments and obligations supporting mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

NOTE 4. CONCENTRATION OF CREDIT RISK

Cash

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash. The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per depositor. As of December 31, 2023 $765,461 exceeded federally insured limits.

Risks and Uncertainties

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

NOTE 5. GRANTS RECEIVABLES

Grants receivables consist of the following as of December 31:

	2023
Due in one year	$ 125,000
Due after one year	125,000
	250,000
Less: imputed discount	(4,056)
Net pledged contributions	$ 245,944

Amounts due beyond one year have been discounted at a rate of 3.35%.

NOTE 6. FAIR VALUE MEASUREMENTS

As of December 31, 2023, the Organization's investments consisted of exchange-traded funds (ETF) and mutual funds. Investments are all considered Level 1 assets. Interest and dividends are recorded when earned.

The following tables summarize assets measured at fair value by classification within the fair value hierarchy as of December 31, 2023:

Asset	Cost Basis	Market Value	Unrealized Gain (Loss)
Exchange Traded Funds	$ 310,662	$ 339,902	$ 29,240
Mutual Funds	197,863	242,830	44,967
	$ 508,525	$ 582,732	$ 74,207

NOTE 7. INVESTMENTS

The fair market value composition of investments is as follows as of December 31:

Asset Category		2023
Exchange Traded Funds		
Bonds	$	226,769
Foreign		44,014
Emerging markets		14,663
Large blend		24,261
Large value		22,518
Mid-cap blend		7,677
		339,902
Mutual Funds		
Bond	$	37,880
Equity		
Emerging markets		12,273
Large blend		158,955
Small growth		21,694
Small value		12,028
		242,830
Total fair market value	$	582,732

NOTE 8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following as of December 31:

		2023
Accounts payable	$	7,713
Accrued expenses		28,803
Accrued payroll expenses		52,992
Accrued vacation		60,812
Total accounts payable and accrued expenses	$	150,320

NOTE 9. OPERATING LEASE

In October 2019 the Organization entered into an operating lease for its administrative offices in San Diego, California on a month-to-month basis with no predetermined termination period. As of the date of this report, the Organization entered in to a new lease agreement effective January 1, 2024 with monthly payments of $2,055.

NOTE 10. CONTRIBUTED NONFINANCIAL ASSETS

Revenues from contributions of nonfinancial assets recognized within the statement of activities were as follows for the years ended December 31:

		2023		2022	Usage in programs/ activities	Donor imposed restrictions	Fair value techniques and inputs
Gift cards	$	-	$	200	General	None	Retail value
Miscellaneous items		-		101	General	None	Retail value
Total	$	-	$	301			

All gifts were recognized in accordance with donor restrictions, when applicable. The Organization does not sell contributed nonfinancial assets and utilizes them in program use.

NOTE 11. COMMITMENT AND CONTINGENCIES

Grants and Contracts

The Organization has grants and contracts with government agencies that may be subject to audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability which may result from these audits is not significant.

Litigation

In addition to commitments and obligations in the ordinary course of business, the Organization is subject to various claims and potential legal actions or other matters arising out of the normal course of business. When a loss is considered probable and reasonably estimable, the Organization records a liability in the amount of the estimated loss. However, the likelihood of a loss with respect to a particular contingency is often difficult to predict and determining a meaningful estimate of the loss or a range of loss may not be practicable based on the information available and the potential effect of future events and decisions by third parties that will determine the ultimate resolution of the contingency.

Moreover, it is not uncommon for such matters to be resolved over many years, during which time relevant developments and new information must be reevaluated at least quarterly to determine both the likelihood of potential loss and whether it is possible to reasonably estimate a range of possible loss. When a loss is probable, but a reasonable estimate cannot be made, disclosure of the proceeding is provided.

As discussed above, development of a meaningful estimate of loss or a range of potential loss is complex when the outcome is directly dependent on negotiations with or decisions by third parties, such as regulatory agencies, the court system and other interested parties. Such factors bear directly on whether it is possible to reasonably estimate a range of potential loss and boundaries of high and low estimates. As of December 31, 2023, the Organization has not recorded any probable and reasonably estimable losses due to any potential legal actions.

NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	2023
Purpose restricted:	
AES	$ 10,417
CE ARPA	17,308
San Diego Foundation	20,326
Community Enhancement Grant	5,192
Neighborhood Reinvestment Grant	10,000
OC Community Foundation	20,000
IBEW	39,583
OCPA	12,500
Time restricted:	
Satterberg Foundation	250,000
Total net assets with donor restrictions	$ 385,326

Net assets released from net assets with donor restrictions are as follows:

	2023
Satisfaction of purpose restrictions	$ 241,952
Satisfaction of time restrictions	245,000
Total net assets released from donor restrictions	$ 486,962

NOTE 13. RETIREMENT PLAN

In 2013, the Organization established a 401(k)-retirement plan, which is qualified under the Internal Revenue Code and covers substantially all employees. For the year ended December 31, 2023, the Organization paid contributions in the amount of $24,769.

NOTE 14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 24, 2025, the date on which the financial statements were available to be issued.