

FOCUSING PHILANTHROPY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Focusing Philanthropy, Inc.:

Opinion

We have audited the accompanying financial statements of Focusing Philanthropy, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 Focusing Philanthropy, Inc. as of December 31, 2021, and the changes in 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Focusing Philanthropy, Inc. 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 Focusing Philanthropy, Inc.'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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Focusing Philanthropy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Focusing Philanthropy, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Focusing Philanthropy, Inc.'s 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Los Alamitos, California
May 9, 2022

FOCUSING PHILANTHROPY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,222,666	\$ 4,490,568
PROPERTY AND EQUIPMENT, NET	32,067	23,181
NON-CURRENT ASSETS		
Investments	2,970,432	5,987,867
Security deposit	<u>7,484</u>	<u>7,484</u>
Total Non-Current Assets	<u>2,977,916</u>	<u>5,995,351</u>
TOTAL ASSETS	<u>\$ 5,232,649</u>	<u>\$ 10,509,100</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 11,370	\$ 28,926
Accrued employee related expenses	2,784	3,194
Credit card payable	<u>10,674</u>	<u>36,932</u>
Total Current Liabilities	24,828	69,052
NON-CURRENT LIABILITIES		
Deferred rent	<u>5,890</u>	<u>1,116</u>
COMMITMENTS (Note 6)		
TOTAL LIABILITIES	30,718	70,168
NET ASSETS		
Without donor restrictions	895,875	688,798
With donor restrictions	<u>4,306,056</u>	<u>9,750,134</u>
TOTAL NET ASSETS	<u>5,201,931</u>	<u>10,438,932</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,232,649</u>	<u>\$ 10,509,100</u>

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

FOCUSING PHILANTHROPY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>December 31,</u> <u>2021</u>	<u>2020</u>
REVENUE AND SUPPORT				
Contributions	\$ 1,004,514	\$ 19,223,796	\$ 20,228,310	\$ 28,638,674
In-kind contributions	--	980,153	980,153	1,637,526
Investment income, net	45,622	--	45,622	184,925
Net assets released from restrictions	<u>25,648,027</u>	<u>(25,648,027)</u>	<u>--</u>	<u>--</u>
TOTAL REVENUE AND SUPPORT	26,698,163	(5,444,078)	21,254,085	30,461,125
EXPENSES				
Program services	25,949,688	--	25,949,688	24,411,439
Supporting services:				
Management and general	342,993	--	342,993	515,074
Fundraising	<u>198,405</u>	<u>--</u>	<u>198,405</u>	<u>136,865</u>
TOTAL EXPENSES	<u>26,491,086</u>	<u>--</u>	<u>26,491,086</u>	<u>25,063,378</u>
CHANGE IN NET ASSETS	207,077	(5,444,078)	(5,237,001)	5,397,747
NET ASSETS AT BEGINNING OF YEAR	<u>688,798</u>	<u>9,750,134</u>	<u>10,438,932</u>	<u>5,041,185</u>
NET ASSETS AT END OF YEAR	<u>\$ 895,875</u>	<u>\$ 4,306,056</u>	<u>\$ 5,201,931</u>	<u>\$ 10,438,932</u>

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

FOCUSING PHILANTHROPY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>December 31,</u>	
				<u>2021</u>	<u>2020</u>
PERSONNEL EXPENSES					
Salaries & wages	\$ 130,303	\$ 81,034	\$ 21,751	\$ 233,088	\$ 229,887
Employee benefits & taxes	13,728	8,537	2,292	24,557	32,149
TOTAL PERSONNEL EXPENSES	<u>144,031</u>	<u>89,571</u>	<u>24,043</u>	<u>257,645</u>	<u>262,036</u>
OTHER EXPENSES					
Grants	25,648,027	--	--	25,648,027	24,031,811
Professional services:					
Accounting	--	73,564	--	73,564	59,912
Consultants	34,659	31,381	32,727	98,767	216,599
Office expenses	13,814	8,589	2,306	24,709	28,885
Travel	429	267	72	768	15,651
Depreciation & amortization	6,374	3,964	1,064	11,402	16,657
Bank & merchant fees	--	56,009	--	56,009	254,280
Dues & subscriptions	3,513	2,185	586	6,284	1,016
Hardware & software	22,513	14,001	3,758	40,272	12,301
Insurance	--	15,994	--	15,994	11,105
Advertising & outreach	--	--	121,108	121,108	39,542
Occupancy	69,975	43,517	11,681	125,173	105,020
Repairs & maintenance	6,353	3,951	1,060	11,364	8,563
TOTAL OTHER EXPENSES	<u>25,805,657</u>	<u>253,422</u>	<u>174,362</u>	<u>26,233,441</u>	<u>24,801,342</u>
TOTAL EXPENSES	<u>\$ 25,949,688</u>	<u>\$ 342,993</u>	<u>\$ 198,405</u>	<u>\$ 26,491,086</u>	<u>\$ 25,063,378</u>

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

FOCUSING PHILANTHROPY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 5,237,001)	\$ 5,397,747
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	11,402	16,657
Contribution of securities	(980,151)	(1,637,526)
Realized gains on sale of securities	(574,989)	(368,598)
Unrealized losses on investments	604,781	252,899
Change in operating assets and liabilities:		
Accounts payable and accrued expenses	(17,556)	19,968
Accrued employee related expenses	(26,258)	286
Credit card payable	(410)	30,512
Deferred rent	4,774	(11,592)
Net Cash (Used In) Provided By Operating Activities	(6,215,408)	3,700,353
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(20,288)	(5,110)
Purchases of investments	(5,362,189)	(11,364,085)
Proceeds from sale of securities	9,329,983	9,474,763
Net Cash Provided By (Used In) Investing Activities	3,947,506	(1,894,432)
NET CHANGE IN CASH & CASH EQUIVALENTS	(2,267,902)	1,805,921
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,490,568</u>	<u>2,684,647</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,222,666</u>	<u>\$ 4,490,568</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	NONE	NONE
Cash paid for income taxes	NONE	NONE
Noncash investing transactions	NONE	NONE
Noncash financing transactions	NONE	NONE

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

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 1 – Organization and Nature of Activities

Focusing Philanthropy, Inc. (the Organization) is a nonprofit corporation that identifies, evaluates and presents opportunities for personal philanthropy, all from the perspective of donors who wish to be confident that funds contributed are achieving the greatest possible impact. The Organization supports organizations and programs which address one or more of its three areas of focus:

- Increasing Income: programs that provide the equipment, personnel or financing to permit an individual, family or community to increase their income, and therefore their standard of living, on a sustainable basis.
- Building Community Infrastructure: programs that help communities create or acquire the assets needed to improve the quality of life of all residents; community needs may include clean water, access to basic health services, electricity, locally managed credit facilities, etc.
- Achieving Self-Sufficiency: programs that encourage and facilitate individual initiative to address serious challenges and improve oneself through access to education, training, improved living conditions, mental health initiatives and the like.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation of Financial Statements

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a full comparison of operations year over year. Accordingly, these comparative financial statements should be read in conjunction with our audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 2 – Summary of Significant Accounting Policies (*continued*)

Property and Equipment

The Organization's policy is to capitalize asset additions over \$500. Property and equipment are stated at cost, with the exception of donated equipment, which is recorded at fair market value on the date received. Depreciation and amortization have been provided on the straight-line method over the estimated useful lives of the assets, which are generally five to seven years. Expenditures for repairs and maintenance are expensed as incurred.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair value in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities. Information about the fair value of investments and the unrealized losses is discussed in Note 5.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest and dividends are recorded when earned.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor or grantor restrictions. Some donor-imposed restrictions are temporary in nature, for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for example stipulating those resources be maintained in perpetuity. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor-imposed restrictions. The expirations of donor-imposed restrictions are recognized 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.

As of December 31, 2021 and 2020, the Organization had \$4,306,056 and \$9,750,134 of net assets with donor restrictions, respectively.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 2 – Summary of Significant Accounting Policies (*continued*)

Revenue Recognition

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

In-Kind Goods and Services

Contributed goods are recorded at fair value at the date of donation. During the years ended December 31, 2021 and 2020, contributed goods totaled \$980,153 and \$1,637,526, respectively, and included donated securities. The Organization did not receive donated professional services during the years ended December 31, 2021 and 2020.

Advertising and Outreach

Advertising and outreach expenditures are charged to operations when incurred. Advertising and outreach for the years ended December 31, 2021 and 2020 was \$121,108 and \$39,542, respectively.

Income Tax Status

The Organization received tax-exempt status from the Internal Revenue Service and Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and Revenue and Taxation Code Section 23701d, respectively.

Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt Organization returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 2 – Summary of Significant Accounting Policies (*continued*)

Financial Instruments and Credit Risk

Deposit concentrations are managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by the Organization and the Board of Directors. Although fair values of investments are subject to fluctuations on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic business entities for the annual reporting period beginning after December 15, 2021. The Organization is in the process of evaluating the impact of this statement and potential effects on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 aims to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU 2020-07 is effective for nonpublic business entities for the annual reporting period beginning after June 15, 2021. The Organization is in the process of evaluating the impact of this statement and potential effects on the financial statements.

Subsequent Events

The Organization has evaluated subsequent events through May 9, 2022, which is the date the financial statements were available to be issued for the year ended December 31, 2021 and noted no items to disclose.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 3 – Liquidity and Availability

Financial assets available for general expenditures within one year are as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,222,666	\$ 4,490,568
Investments	2,970,432	5,987,867
Less: donor-imposed restricted net assets	(4,306,056)	(9,750,134)
 Total financial assets available within one year	 <u>\$ 887,042</u>	 <u>\$ 728,301</u>

As part of the Organization's liquidity management plan, stock investments are sold in time to cover grant disbursements. Additionally, the Organization's Founder and Chairman of the Board financially supports all general overhead expenditure needs.

NOTE 4 – Property and Equipment

Property and equipment are summarized as follows at December 31:

	<u>2021</u>	<u>2020</u>
Office equipment and furniture	\$ 73,872	\$ 61,244
Leasehold improvements	58,570	50,910
Less: accumulated depreciation and amortization	(100,375)	(88,973)
 Total	 <u>\$ 32,067</u>	 <u>\$ 23,181</u>

Depreciation and amortization expenses totaled \$11,402 and \$16,657 for the years ended December 31, 2021 and 2020, respectively.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 5 – Fair Value Measurement

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell assets in an orderly transaction in the principal, most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the assets, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets 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 based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

- *Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date.
- *Level 2* inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- *Level 3* inputs are unobservable inputs for the asset.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2021:

<u>Fair Value Measurements at Reporting Date Using</u>				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>			
Investments				
Stocks	\$ 1,077,936	\$ 1,077,936	\$ --	\$ --
Bonds	299,994	299,994	--	--
Mutual Funds	<u>1,592,502</u>	<u>1,592,502</u>	--	--
	<u>\$ 2,970,432</u>	<u>\$ 2,970,432</u>	<u>--</u>	<u>--</u>

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 5 – Fair Value Measurement *(continued)*

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2020:

		<u>Fair Value Measurements at Reporting Date Using</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>			
Investments				
Stocks	\$ 1,103,028	\$ 1,103,028	\$ --	--
Bonds	3,349,373	3,349,373	--	--
Mutual Funds	<u>1,535,466</u>	<u>1,535,466</u>	--	--
	<u>\$ 5,987,867</u>	<u>\$ 5,987,867</u>	<u>--</u>	<u>--</u>

NOTE 6 – Commitments

Operating Lease

The Organization is committed under a real property lease for premises in Santa Monica, California, which began in September 2015. The lease expires January 31, 2026. Future minimum lease payments are as follows:

<u>For the Year Ending December 31,</u>	
2022	\$ 97,891
2023	100,828
2024	103,852
2025	106,968
2026	<u>8,936</u>
Total	<u>\$ 418,475</u>

Rent expense was \$120,966 and \$100,751 for the years ended December 31, 2021 and 2020, respectively.

NOTE 7 – Net Assets with Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Purpose restrictions accomplished in 2021 and 2020 totaled \$25,648,027 and \$24,031,811, respectively. As of December 31, 2021, and 2020, the balance of net assets with donor restrictions totaled \$4,306,056 and \$9,750,134, respectively.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 8 – Functional Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural and functional classification detail of expenses. Certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits and taxes, professional services, office expenses, travel, depreciation and amortization, dues and subscriptions, hardware and software, occupancy, and repairs and maintenance, which are allocated on the basis of estimates of time and effort.

NOTE 9 – Related Party Transactions

The Organization received contributions totaling \$1,783,954 and \$2,619,100 from the Chairman of the Board, other board members and staff for the years ended December 31, 2021 and 2020, respectively.

NOTE 10 – Economic Uncertainty

Although the Organization and its implementing partners have adapted to the COVID-19 pandemic, some risks remain that could impact certain program operations and the fundraising ability of implementing partners. The Organization has switched to virtual diligence trips for most NGOs (particularly international partners) rather than in-person visits until regular travel and in-person visits become feasible again. Management cannot anticipate all of the ways in which health epidemics such as COVID-19 could adversely impact the Organization's business model.