

FOCUSING PHILANTHROPY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

WITH SUMMARY COMPARATIVE INFORMATION FOR 2021

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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, 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 Focusing Philanthropy, Inc. as of December 31, 2022, 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 Auditors' 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 2021 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Evergreen Alliance

Los Alamitos, California

April 24, 2023

**FOCUSING PHILANTHROPY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021**

	December 31,	
	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,796,536	\$ 2,222,666
Related party receivable	7,965	--
Total Current Assets	4,804,501	2,222,666
PROPERTY AND EQUIPMENT, NET	24,761	32,067
NON-CURRENT ASSETS		
Investments	1,691,129	2,970,432
Right-of-use intangible asset	287,453	--
Security deposit	7,484	7,484
Total Non-Current Assets	1,986,066	2,977,916
TOTAL ASSETS	\$ 6,815,328	\$ 5,232,649
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 5,685	\$ 11,370
Credit card payable	13,410	10,674
Accrued employee related expenses	4,158	2,784
Lease liability, current portion	92,926	--
Total Current Liabilities	116,179	24,828
NON-CURRENT LIABILITIES		
Lease liability, net of current portion	212,716	--
Deferred rent	--	5,890
Total Non-Current Liabilities	212,716	5,890
TOTAL LIABILITIES	328,895	30,718
NET ASSETS		
Without donor restrictions	1,767,094	895,875
With donor restrictions	4,719,339	4,306,056
TOTAL NET ASSETS	6,486,433	5,201,931
TOTAL LIABILITIES AND NET ASSETS	\$ 6,815,328	\$ 5,232,649

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

FOCUSING PHILANTHROPY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARY COMPARATIVE INFORMATION FOR 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>December 31,</u>	
			<u>2022</u>	<u>2021</u>
REVENUE AND SUPPORT				
Contributions	\$ 1,292,798	\$ 21,889,209	\$ 23,182,007	\$ 20,228,310
In-kind contributions	--	243,921	243,921	980,153
Investment income, net	610,530	--	610,530	45,622
Net assets released from restrictions	<u>21,719,847</u>	<u>(21,719,847)</u>	<u>--</u>	<u>--</u>
TOTAL REVENUE AND SUPPORT	23,623,175	413,283	24,036,458	21,254,085
EXPENSES				
Program services	22,264,296	--	22,264,296	25,949,688
Supporting services:				
Management and general	344,638	--	344,638	342,993
Fundraising	<u>143,022</u>	<u>--</u>	<u>143,022</u>	<u>198,405</u>
TOTAL EXPENSES	<u>22,751,956</u>	<u>--</u>	<u>22,751,956</u>	<u>26,491,086</u>
CHANGE IN NET ASSETS	871,219	413,283	1,284,502	(5,237,001)
NET ASSETS AT BEGINNING OF YEAR	<u>895,875</u>	<u>4,306,056</u>	<u>5,201,931</u>	<u>10,438,932</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,767,094</u>	<u>\$ 4,719,339</u>	<u>\$ 6,486,433</u>	<u>\$ 5,201,931</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, 2022
WITH SUMMARY COMPARATIVE INFORMATION FOR 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>December 31,</u>	
				<u>2022</u>	<u>2021</u>
PERSONNEL EXPENSES					
Salaries and wages	\$ 223,809	\$ 85,720	\$ 50,497	\$ 360,026	\$ 233,088
Employee benefits and taxes	21,784	8,432	4,919	35,135	24,557
TOTAL PERSONNEL EXPENSES	<u>245,593</u>	<u>94,152</u>	<u>55,416</u>	<u>395,161</u>	<u>257,645</u>
OTHER EXPENSES					
Grants	21,719,847	--	--	21,719,847	25,648,027
Professional services:					
Accounting	--	55,145	--	55,145	73,564
Consultants	77,866	522	25,282	103,670	98,767
Office expenses	19,733	7,638	4,456	31,827	24,709
Travel	38,595	14,940	8,715	62,250	768
Depreciation and amortization	6,785	2,627	1,532	10,944	11,402
Bank and merchant fees	--	80,236	--	80,236	56,009
Dues and subscriptions	2,152	833	486	3,471	6,284
Hardware and software	58,546	22,663	13,220	94,429	40,272
Insurance	--	29,038	--	29,038	15,994
Advertising and outreach	--	--	12,423	12,423	121,108
Occupancy	89,641	34,700	20,241	144,582	125,173
Repairs and maintenance	5,538	2,144	1,251	8,933	11,364
TOTAL OTHER EXPENSES	<u>22,018,703</u>	<u>250,486</u>	<u>87,606</u>	<u>22,356,795</u>	<u>26,233,441</u>
TOTAL EXPENSES	<u>\$ 22,264,296</u>	<u>\$ 344,638</u>	<u>\$ 143,022</u>	<u>\$ 22,751,956</u>	<u>\$ 26,491,086</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, 2022 AND 2021

	December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,284,502	(\$ 5,237,001)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,944	11,402
Contribution of securities	(243,920)	(980,151)
Realized gains on sale of securities	(118,525)	(574,989)
Unrealized losses on investments	518,449	604,781
Change in operating assets and liabilities:		
Related party receivable	(7,965)	--
Right-of-use intangible asset	(287,453)	--
Accounts payable and accrued expenses	(5,685)	(17,556)
Credit card payable	2,736	(410)
Accrued employee related expenses	1,374	(26,258)
Lease liability	305,642	--
Deferred rent	(5,890)	4,774
Net Cash Provided By (Used In) Operating Activities	1,454,209	(6,215,408)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,638)	(20,288)
Purchases of investments	(8,923,165)	(5,362,189)
Proceeds from sale of securities	10,046,464	9,329,983
Net Cash Provided By (Used In) Investing Activities	1,119,661	3,947,506
NET CHANGE IN CASH & CASH EQUIVALENTS	2,573,870	(2,267,902)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	2,222,666	4,490,568
CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 4,796,536	\$ 2,222,666
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, 2022
WITH SUMMARY COMPARATIVE INFORMATION FOR 2021

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.

Management believes extraordinary impact is possible if we focus on root causes, maximize leverage, act on solid information, and pool our efforts. We believe donations should be made with the same level of strategic intent, information, and confidence as other investments. That is why we target serious human challenges that individual donors can successfully address; choose tactics that are demonstrably effective; identify confidence inspiring implementing partners; conduct ongoing monitoring; and assure substantive reporting.

Revenue consists mainly of contributions and investment income.

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, 2021, 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.

Related Party Receivable

Accounts receivable consists of amounts due from related party for shared employee costs.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARY COMPARATIVE INFORMATION FOR 2021

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 6.

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.

Leases

The Organization has entered into an operating lease for office space. The obligation associated with this lease has been recognized as a liability in the statement of financial position based on future lease payments, discounted by the risk free rate. Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease. See Note 9 for additional information surrounding leases.

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, 2022 and 2021, contributed goods totaled \$243,921 and \$980,153, respectively, and included donated securities. The Organization did not receive donated professional services during the years ended December 31, 2022 and 2021. See Note 8 for additional information surrounding gift-in-kind contributions.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARY COMPARATIVE INFORMATION FOR 2021

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

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, 2022 and 2021, the Organization had \$4,719,339 and \$4,306,056 of net assets with donor restrictions, respectively.

Advertising and Outreach

Advertising and outreach expenditures are charged to operations when incurred. Advertising and outreach for the years ended December 31, 2022 and 2021 was \$12,423 and \$121,108, 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.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARY COMPARATIVE INFORMATION FOR 2021

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

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.

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.

Accounting Pronouncements Adopted

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is aimed 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 became effective during the year ended December 31, 2022.

Effective January 1, 2022, the Organization adopted ASU 2016-02 Leases (Topic 842), as amended. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than 12 months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization elected the effective date transition method and the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a lease, the lease classification for any expired or existing leases, and any initial direct costs for any existing leases as of the effective date.

As of January 1, 2022, the Organization recognized (a) an operating lease liability of \$385,088, which represents the present value of the remaining lease payments of \$418,475, discounted using the risk free borrowing rate of 3.0% and (b) an operating right-of-use asset of \$380,088.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARY COMPARATIVE INFORMATION FOR 2021

NOTE 2 – Summary of Significant Accounting Policies (continued)

Subsequent Events

The Organization has evaluated subsequent events through April 24, 2023, which is the date the financial statements were available to be issued for the year ended December 31, 2022 and noted no items to disclose.

NOTE 3 – Liquidity and Availability

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,796,536	\$ 2,222,666
Investments	1,691,129	2,970,432
Less: donor-imposed restricted net assets	<u>(4,719,339)</u>	<u>(4,306,056)</u>
Total financial assets available within one year	<u>\$ 1,768,326</u>	<u>\$ 887,042</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 – Related Party Receivable

Accounts receivable are summarized as follows at December 31:

	<u>2022</u>	<u>2021</u>
Related party receivable	\$ 7,965	\$ --

There was no allowance for doubtful accounts deemed necessary by management at December 31, 2022 and 2021.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARY COMPARATIVE INFORMATION FOR 2021

NOTE 5 – Property and Equipment

Property and equipment are summarized as follows at December 31:

	<u>2022</u>	<u>2021</u>
Office equipment and furniture	\$ 77,509	\$ 73,872
Leasehold improvements	58,570	58,570
Less: accumulated depreciation and amortization	(111,318)	(100,375)
Total	<u>\$ 24,761</u>	<u>\$ 32,067</u>

Depreciation and amortization expenses totaled \$10,944 and \$11,402 for the years ended December 31, 2022 and 2021, respectively.

NOTE 6 – 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.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARY COMPARATIVE INFORMATION FOR 2021

NOTE 6 – Fair Value Measurement (continued)

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2022:

	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments				
Stocks	\$ 928,608	\$ 928,608	\$ --	\$ --
Mutual Funds	762,521	762,521	--	--
	<u>\$ 1,691,129</u>	<u>\$ 1,691,129</u>	<u>--</u>	<u>--</u>

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

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

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 2022 and 2021 totaled \$21,719,847 and \$25,648,027, respectively. As of December 31, 2022, and 2021, the balance of net assets with donor restrictions totaled \$4,719,339 and \$4,306,056, respectively.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARY COMPARATIVE INFORMATION FOR 2021

NOTE 8 – Gift-in-Kind Contributions

The Organization’s financial statements include the following gift-in-kind contribution revenue for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Donated securities	\$ 243,921	\$ 980,153

Donated goods, services and securities received by the Organization during the fiscal years ended December 31, 2022 and 2021 were provided with donor restrictions specific to administrative and operating expenses.

NOTE 9 – Leases

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. The right-of-use asset and corresponding liability associated with future lease payments at December 31, 2022 are shown below.

Right-of-Use Intangible Asset

A summary of lease asset activity for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Right-of-use intangible asset	\$ 380,088	--
Less: accumulated asset amortization	(92,635)	--
Total lease asset	<u>\$ 287,453</u>	<u>\$ --</u>

Lease Liability

A summary of changes in the related lease liabilities for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Lease liability	\$ 385,978	--
Less: liability principal reduction	(80,336)	--
Total lease liability	<u>\$ 305,642</u>	<u>\$ --</u>

The lease liability balance of \$305,642 consists of lease liability, current portion of \$92,926 and lease liability, net of current portion of \$212,716.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARY COMPARATIVE INFORMATION FOR 2021

NOTE 9 – Leases (continued)

Future Lease Payments

Future minimum lease payments are as follows:

<u>For the Year Ending December 31,</u>	
2023	\$ 100,828
2024	103,852
2025	106,968
2026	<u>8,936</u>
Total	<u>\$ 320,584</u>

NOTE 10 – 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 - consultants, 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 11 – Related Party Transactions

The Organization received contributions totaling \$2,273,029 and \$1,783,954 from the Chairman of the Board, other board members and staff for the years ended December 31, 2022 and 2021, respectively.

NOTE 12 – 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. Management cannot anticipate all of the ways in which health epidemics such as COVID-19 could adversely impact the Organization's business model.