RISE ACADEMY

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2022 AND 2021

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Contents

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
RISE Academy
Omaha, Nebraska

Opinion

We have audited the financial statements of RISE Academy (the Organization), a Nebraska non-profit corporation, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 of 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITORS' REPORT (Continued)

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 the Organization'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 the Organization'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 finding, and certain internal control-related matters that we identified during the audit.

Bland + Associates, P.C.

Omaha, Nebraska
May 1, 2023

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RISE ACADEMY
STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31, 2022	December 31, 2021
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,328,704	$ 1,943,511
Restricted Cash	38,977	-
Current Portion of Pledges and Grants Receivable	725,047	959,633
Prepaid Expenses	4,477	-
Total Current Assets	3,097,205	2,903,144
PROPERTY AND EQUIPMENT		
Office Furniture and Equipment	2,835	2,835
Vehicles	35,000	-
	37,835	2,835
Less Accumulated Depreciation	(2,317)	-
Total Property and Equipment	35,518	2,835
OTHER ASSETS		
Pledges and Grants Receivable, Net of Discount, Less Current Portion	262,011	171,767
Total Other Assets	262,011	171,767
	$ 3,394,734	**$ 3,077,746**

LIABILITIES AND NET ASSETS	December 31, 2022	December 31, 2021
CURRENT LIABILITIES		
Accounts Payable	$ 32,722	$ 9,711
Accrued Payroll and Payroll Taxes	46,182	43,120
Justice Study Funds Held In Custody for Others	38,977	-
Business Pitch Competition Winner Liability	32,043	27,777
Total Current Liabilities	149,924	80,608
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Without Donor Restrictions	2,168,089	1,596,124
With Donor Restrictions	1,076,721	1,401,014
Total Net Assets	3,244,810	2,997,138
	$ 3,394,734	**$ 3,077,746**

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

RISE ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Years Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND SUPPORT						
Grants and Contributions	$ 1,872,832	$ 666,380	$ 2,539,212	$ 1,511,080	$ 404,383	$ 1,915,463
Net Assets Released from Restriction	990,673	(990,673)	-	743,276	(743,276)	-
Total Operating Revenues and Support	2,863,505	(324,293)	2,539,212	2,254,356	(338,893)	1,915,463
OPERATING EXPENSES						
Program Services	1,821,109	-	1,821,109	1,499,271	-	1,499,271
Management and General	288,688	-	288,688	293,650	-	293,650
Fundraising	181,743	-	181,743	101,992	-	101,992
Total Operating Expenses	2,291,540	-	2,291,540	1,894,913	-	1,894,913
CHANGES IN NET ASSETS	571,965	(324,293)	247,672	359,443	(338,893)	20,550
NET ASSETS - BEGINNING OF YEAR	1,596,124	1,401,014	2,997,138	1,236,681	1,739,907	2,976,588
NET ASSETS - END OF YEAR	**$ 2,168,089**	**$ 1,076,721**	**$ 3,244,810**	**$ 1,596,124**	**$ 1,401,014**	**$ 2,997,138**

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

RISE ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services									
	In-Prison	**Re-entry**	**Advocacy**	**Youth & Family**	**Business Academy**	**Other**	**Total**	**Management and General**	**Fundraising Expenses**	**Totals**
Salaries	$ 430,904	$ 524,469	$ 99,996	$ 46,718	$ 32,615	$ -	$ 1,134,702	$ 100,169	$ 119,424	$ 1,354,295
Payroll Taxes and Benefits	136,825	146,209	34,712	15,041	6,761	-	339,548	70,181	21,029	430,758
Travel and Meals	28,520	55,967	4,629	18,855	2,362	648	110,981	26,533	4,643	142,157
Client Assistance	6,158	56,273	-	10,230	965	-	73,626	1,205	-	74,831
Supplies	14,677	16,164	498	3,541	-	-	34,880	36,283	3,332	74,495
Professional Fees	7,699	18,678	8,274	6,683	5,133	-	46,467	10,299	7,699	64,465
Rent	7,824	13,073	7,874	5,249	5,249	-	39,269	5,399	7,824	52,492
Advertising and Public Relations	1,020	4,573	-	861	88	-	6,542	12,535	12,467	31,544
Telephone and Communication	3,679	6,456	3,478	2,379	2,319	-	18,311	1,853	3,478	23,642
Insurance	-	-	-	-	-	-	-	13,651	-	13,651
Events	4,149	1,182	1,018	2,520	149	654	9,672	1,620	234	11,526
Professional Development	2,150	1,140	174	-	125	-	3,589	2,757	1,613	7,959
Other	-	-	-	-	-	2,722	2,722	1,503	-	4,225
Dues and Subscriptions	-	-	800	-	-	-	800	2,383	-	3,183
Depreciation	-	-	-	-	-	-	-	2,317	-	2,317
TOTAL FUNCTIONAL EXPENSES	**$ 643,605**	**$ 844,184**	**$ 161,453**	**$ 112,077**	**$ 55,766**	**$ 4,024**	**$ 1,821,109**	**$ 288,688**	**$ 181,743**	**$ 2,291,540**

RISE ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended December 31, 2021

	Program Services					Management	Fundraising	
	In-Prison	Re-entry	Advocacy	Mindfulness	Total	and General	Expenses	Totals
Salaries	$ 377,152	$ 518,156	$ 70,815	$ 15,000	$ 981,123	$ 102,219	$ 66,539	$ 1,149,881
Payroll Taxes and Benefits	130,302	135,800	29,872	-	295,974	53,485	13,615	363,074
Client Assistance	16,436	53,758	-	9,599	79,793	2,572	78	82,443
Professional Fees	9,528	9,808	4,729	6,342	30,407	20,922	2,411	53,740
Rent	9,818	9,838	4,909	-	24,565	24,545	-	49,110
Supplies	6,730	7,928	1,244	350	16,252	17,938	13,772	47,962
Professional Development	2,217	1,549	550	7,994	12,310	23,787	15	36,112
Other	12,953	7,502	125	-	20,580	8,225	385	29,190
Insurance	-	-	-	-	-	21,020	-	21,020
Telephone and Communication	4,113	4,113	2,057	-	10,283	10,292	-	20,575
Travel	5,634	8,275	341	65	14,315	3,591	104	18,010
Advertising and Public Relations	5,043	1,553	-	14	6,610	2,549	5,073	14,232
Events	3,593	2,191	-	-	5,784	453	-	6,237
Dues and Subscriptions	150	50	1,075	-	1,275	2,052	-	3,327
TOTAL FUNCTIONAL EXPENSES	**$ 583,669**	**$ 760,521**	**$ 115,717**	**$ 39,364**	**$ 1,499,271**	**$ 293,650**	**$ 101,992**	**$ 1,894,913**

RISE ACADEMY
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 247,672	$ 20,550
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By Operating Activities:		
Change in Discount on Pledges Receivable	(10,244)	(26,786)
Depreciation	2,317	-
(Increase) Decrease in Assets:		
Pledges and Grants Receivable	154,586	442,617
Prepaid Expenses	(4,477)	7,132
Increase (Decrease) in Liabilities:		
Accounts Payable	23,011	5,951
Accrued Payroll and Payroll Taxes	3,062	6,236
Justice Study Funds Held in Custody for Others	38,977	-
Business Pitch Competition Winner Liability	4,266	41
Net Cash Provided By Operating Activities	459,170	455,741
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(35,000)	(2,835)
Net Cash Used In Investing Activities	(35,000)	(2,835)
Net Increase in Cash, Cash Equivalents, and Restricted Cash	424,170	452,906
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	1,943,511	1,490,605
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	**$ 2,367,681**	**$ 1,943,511**

Reconciliation of Cash, Cash Equivalents and Restricted Cash to the Statements of Financial Position

	2022	2021
Cash and Cash Equivalents	$ 2,328,704	1,943,511
Restricted Cash	38,977	-
	$ 2,367,681	**$ 1,943,511**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of RISE Academy (RISE or Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Reporting Entity

The Organization is a nonprofit organization whose mission is that all people find freedom from cycle of incarceration. At RISE, transformation starts pre-release and continue post-release. The RISE inside/out model bridges incarceration to the community and considers all the critical steps in that journey. RISE prepares and trains people for each phase through intensive character development, employment readiness, job creation through entrepreneurship and case management. RISE transforms people in the community by building awareness and empathy that leads to support and opportunity. These connections heal families, create employment pathways and lower recidivism. RISE has four main programs that are described below:

In-Prison

The Rise in-prison team teaches and facilitates the RISE curriculum and program at seven Nebraska prison facilities. The RISE in-prison program is a six-month innovative program focused on character development, re-entry planning, job readiness and entrepreneurship. Program graduates receive a RISE completion certificate and a Certificate in Career Readiness from the University of Nebraska Omaha's School of Business Administration.

Re-entry

The RISE re-entry team works with program graduates of the RISE pre-release program starting a year from release and continues providing case management and peer support through their time at work release, parole, mandatory discharge and return to the community. Re-entry services continue as long as needed for returning citizens. Each RISE graduate is assigned a case manager from the re-entry team that supports the various needs of a returning citizen including access to housing, employment, recovery programs, basic needs, mental and physical health care and other programming including parenting programming, a business accelerator for those pursuing entrepreneurship called the RISE Business Academy and participation in the RISE Alumni Association, the peer support group of released RISE graduates.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Advocacy

RISE public policy and advocacy work is focused on reducing the population of incarcerated individuals and eliminating the barriers people endure upon returning home after incarceration. Rise creates opportunities for system impacted people to have their concerns and ideas voiced and heard during the legislative process. RISE works to bring together people impacted by the system, organizations, and other individuals to create a coalition to work in solidarity to advocate for changes in the Nebraska criminal justice system landscape and the economic and social empowerment of people impacted by the system. The RISE Director of Policy and Advocacy is currently focused on bail reform in Nebraska and works on policy and legislative changes at all levels of government that impact the daily lives of people impacted by the system and their families for economic and social outcomes that include employment, housing, transportation, education, living conditions and civic participation.

Mindfulness

RISE received a 4-year funding grant that is donor directed through the Omaha Community Foundation to bring mindfulness facilitation and practice to the RISE organization and incarcerated individuals that RISE serves both pre- and post-release. Mindfulness facilitation is a holistic element in the RISE curriculum that gives participants another tool to help with conflict adversity and self-care that improves overall health.

Youth & Family

The RISE Youth & Family Program offers family support, in-prison workshops, and one-on-one coaching to In-Prison Program Graduates. The introduction of this program is first initiated when In-Prison programming begins and can be utilized both by the participants and their loved ones on the outside. Workshops are offered inside correctional facilities as part of continuing education after the RISE In-Prison Program has been completed.

Additionally, the Youth & Family Program hosts a support-based coffee hour to women impacted by incarceration twice a month - once in Omaha and once in Lincoln. This coffee hour is perfect for women with their own lived experience or have a spouse or loved one incarcerated.

Business Academy

The RISE Business Academy is a 12-week program focused on developing a prosperous business in the community for those having lived experience within the criminal justice system or their family members. Through support and community services, the RISE Business Academy aims to create and promote self-sufficiency, independence, and economic growth through entrepreneurship.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Organization maintains its accounts on the accrual basis of accounting.

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

Net assets without donor restriction – Net assets that are not subject to grant or donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of RISE or passage off time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restriction.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Measure of Operations

In the statements of activities and changes in net assets, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses, are recognized as operating support, revenues, gains, and losses.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Restricted Cash

RISE considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

RISE also has restricted cash related to a partnership with Harvard for a Justice Study. RISE is acting as the fiscal recipient of bail funds for the duration of participant enrollment in the study and is also responsible for the bail out process. Because RISE is acting in a fiscal agent capacity, the amount is recorded on the statements of financial position as restricted cash and justice study funds held in custody for others.

Pledges and Grants Receivable

RISE records unconditional pledges that are expected to be collected within one year at net realizable value. Unconditional pledges expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates (2.5%-4.29%) designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities and change in net assets.

RISE records grants receivable when eligibility and conditional requirements have been met – generally when costs have been incurred.

The allowance for uncollectible pledges and grants is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Pledges and grants receivable are written off when deemed uncollectible. At December 31, 2022 and 2021, RISE made no allowance for uncollectible amounts.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs of less than $1,000 are charged to expense as incurred. The cost of assets disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

Depreciation is computed using the straight-line method over the following useful lives:

	Years
Office Furniture and Equipment	5-10
Vehicles	5

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

The Organization recognizes revenue when a customer obtains controls of promised goods or services, in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Organization determines are within the scope of Topic 606, the Organization performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Organization satisfies the performance obligation. The Organization only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer.

At contract inception, once the contract is determined to be within the scope of Topic 606, the Organization assesses the goods or services promised within each contract and determines those that are performance obligations. The Organization then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Grant revenue is recognized when eligibility requirements have been met, which is primarily when allowable or direct expenditures, as dictated by grant awards, are incurred, and when collectability is reasonably assured.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. All support and revenues are considered unrestricted unless stipulated by the donor or grantor.

In-Kind Contributions and Donated Services

Contributions of gifts in-kind that can be used by the Organization are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, salaries and benefits expense are allocated on the basis of estimates of time and effort. Other expenses are expensed directly based on the programs and supporting services benefited.

Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick, and paid personal time off. There is no cash value assigned to the paid personal time off, thus no liability has been recorded in the accompanying financial statements.

Advertising

The Organization uses advertising to promote its programs, recruit volunteer mentors, and raise awareness about community-based mentoring. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 was $31,544 and $14,232, respectively.

Income Taxes

RISE has qualified under Internal Revenue Code Section 501(c)(3) for Federal income tax purposes as a tax-exempt organization other than a private foundation. No provision for income taxes is recorded by RISE.

The Financial Accounting Standards Board issued new guidance on accounting for uncertainty in income taxes. Management evaluated RISE's tax positions and concluded that RISE had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. RISE is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2018.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The adoption of the new standard did not materially impact the Organization as all leases of RISE are short-term or have no enforceable rights. See Note F.

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organization.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements (Continued)

Contributed Nonfinancial Assets (Continued)

The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires enhanced disclosures by category of gifts-in-kind. The adoption of this new standard did not have a material impact on the financial statements.

Subsequent Events

Management has evaluated subsequent events through May 1, 2023, which is the date the financial statements were available to be issued.

NOTE B – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to credit risk consist of cash, and pledges and grants receivable. RISE maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. RISE has not experienced any losses in such accounts. RISE believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2022, and 2021, deposits exceeded the FDIC insurance limits by $2,103,330 and $1,693,511, respectively.

Contributions and grants can vary in concentration at any time depending on the year.

NOTE C – LIQUIDITY AND AVAILABILITY

RISE receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures within one year. RISE has a goal to maintain financial assets, which consist of cash, to meet 90 days of normal operating expenses. RISE has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

NOTE C – LIQUIDITY AND AVAILABILITY (Continued)

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

Cash and Cash Equivalents	$ 2,328,704
Pledges and Grants Receivable	725,047
	3,053,751
Less those unavailable for general expenditure within one year, due to contractual or donor-imposed restrictions:	
Net Assets With Donor Restrictions	(1,076,721)
Add Back Timing Restrictions Designated for 2023 Operations	425,000
	$ 2,402,030

NOTE D – PLEDGES AND GRANTS RECEIVABLE

The pledges and grants receivable balance was made up of the following as of December 31:

	2022	2021
Pledges Receivable	$ 766,748	$ 1,159,633
Grants Receivable	238,299	-
Discount on Long-Term Pledges	(17,989)	(28,233)
Total Net Pledges and Grants Receivable	$ 987,058	$ 1,131,400

The maturities of pledges and grants receivable at December 31, 2022 are as follows:

	Amount
Receivable in Less than One Year - Pledges	$ 486,748
Receivable in Less than One Year - Grants	238,299
Receivable in One to Five Years - Pledges	262,011
Total Pledges and Grants Receivable	$ 987,058

In addition, the Organization has approximately $63,500 in conditional promises to give where the amounts will be recognized once the conditions associated with them are met and the respective barriers are overcome. The conditions have not been met as of December 31, 2022; therefore, the amounts are not included in the accompanying financial statements. Following is a description of the conditional promises to give and the associated conditions:

Condition	**Amount**
Compliance with Grant Year 1 – United Way	$ 63,500

NOTE E – NET ASSETS

Net assets with donor restrictions at December 31, 2022 and 2021 are restricted for the following purposes:

	2022	2021
Subject to expenditure for specified purpose:		
Re-entry Program	$ 299,697	$ 294,247
Youth & Family	43,950	-
Director of Public Policy	16,063	-
Subject to Timing Restrictions	717,011	1,106,767
Total	$ 1,076,721	$ 1,401,014

Certain amounts with purpose restrictions also have timing restrictions. These were included as purpose restricted given both the timing and purpose restriction will need to be met before release.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Releases for the year ended December 31, 2022 and 2021 consisted of the following:

	2022	2021
Released from purpose restrictions:		
Re-entry Program	$ 65,917	$ 154,616
Mindfulness	-	40,446
Released from timing restrictions	924,756	548,214
Total	$ 990,673	$ 743,276

NOTE F – OPERATING LEASES

RISE has an operating lease for office space. Monthly rental payments for office space under this lease range from $215 to $223. The office space lease expired in June 2022. RISE leases additional office space on a month-to-month basis at a monthly rental payment of $282, which was increased to $565 in 2021.

RISE also has an operating lease for office space that began April 2021 and expires in March 2026. RISE has the option to terminate the lease with 30 days written notice and it is not reasonably assured RISE will remain in the office space through the life of the lease. The office lease has monthly rental payments ranging from $4,166 and $4,510 over the course of the lease.

RISE has another month-to-month lease for office space that is $500 per month.

Lease expense for these leases totaled $52,492 and $46,463 for the years ended December 31, 2022 and 2021, respectively.

NOTE G – RELATED PARTY TRANSACTIONS

At December 31, 2022 and 2021, there was $275,000 and $75,000, respectively included in RISE's receivables due from related parties.

NOTE H – PAYCHECK PROTECTION PROGRAM (PPP) GRANT REVENUE

On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act, 2021. The Act includes updated guidance for first-draw Paycheck Protection Program (PPP) loans taken out in 2020 and allows for first-draw PPP loan borrowers to apply for a second-draw PPP Loan. Similar to the first-draw PPP Loan, the second-draw PPP Loan is implemented by the Small Business Administration with support from the Department of the Treasury. The second-draw PPP Loan provides funds to pay payroll costs, including benefits. Funds can also be used to pay mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations. In 2021, the Organization applied for and was accepted to participate in the program. In February 2021, the Organization received funding for approximately $220,928. The loan had an annual interest rate of 1%. The loan was payable monthly with the first six monthly payments deferred. The Organization determined that the conditions of the PPP loan had been substantially met and the full amount was recognized as revenue in the statement of activities and changes in net assets for the year ended December 31, 2021. The Organization applied for forgiveness and in September 2021, the Organization was notified that full forgiveness was granted.

NOTE I – RETIREMENT PLAN

The Organization participates in a 403(b) retirement savings plan covering substantially all full-time employees. The Organization made $26,723 and $0 in employer contributions to the Plan during the years ended December 31, 2022 and 2021, respectively.