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TOGETHER WE RISE
DECEMBER 31, 2021

FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORT

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FINANCIAL STATEMENTS

DECEMBER 31, 2021

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To Management and Members of the Board of Directors
Together We Rise
Brea, California

Opinion

We have audited the accompanying financial statements of Together We Rise (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, 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 Together We Rise (a nonprofit organization) as of December 31, 2021, and the results of its operations 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 Together We Rise 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 Together We Rise's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To Management and Members of the Board of Directors
Together We Rise
Brea, California

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 Together We Rise'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 Together We Rise'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.

Lance, Soll & Lunghard, LLP

Brea, California
April 29, 2022

TOGETHER WE RISE

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

Assets	
Current Assets	
Cash and cash equivalents	$ 7,750,034
Supplies inventory	640,155
Deposits on inventory	188,485
Property tax receivable	6,284
Total Current Assets	8,584,958
Property, Equipment and Improvements	
Construction in progress	1,384,967
Equipment	197,425
Tools	12,747
Leasehold improvements	159,633
Vehicles	75,841
Building	715,490
Land	1,805,208
Software	361,637
Total Property, Equipment and Improvements	4,712,948
Less Accumulated Depreciation and Amortization	395,072
Property, Equipment and Improvements, net	4,317,876
Other Assets	
Security deposits	15,998
Total Assets	**$ 12,918,832**
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	$ 162,890
Accrued payroll and vacation	76,803
Economic injury disaster loan - current portion	3,570
Note payable - current portion	7,386
Deferred revenue	238,423
Total Current Liabilities	489,072
Non-Cuirrent Liabilities	
Economic injury disaster loan, less current portion	144,392
Note payable, less current portion	34,112
Total Liabilities	667,576
Net assets	
Without donor restrictions - undesignated	11,244,844
With donor restrictions - purpose restrictions	1,006,412
Total Net Assets	12,251,256
Total Liabilities and Net Assets	**$ 12,918,832**

See Notes to Financial Statements and Independent Auditors' Report.

TOGETHER WE RISE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
Revenues, Gains and Other Support:			
Revenues and gains			
Contributions	$ 6,800,996	$ 852,758	$ 7,653,754
Contributed services and materials	914,595	-	914,595
Program fees	48,723	-	48,723
Net investment loss	575	-	575
Other income	7,117	-	7,117
Government grant - PPP loan forgiveness	293,300	-	293,300
Net assets released from restrictions	393,293	(393,293)	-
Total revenues, gains and other support	8,458,599	459,465	8,918,064
Expenses:			
Program services expense	6,062,590	-	6,062,590
Supporting services expense			
Management and general	452,776	-	452,776
Fundraising and development	96,846	-	96,846
Total functional expenses	6,612,212	-	6,612,212
Changes in Net Assets	1,846,387	459,465	2,305,852
Net Assets:			
Net Assets, Beginning of Year Before Restatement	9,053,080	546,947	9,600,027
Prior Period Adjustment (Note 17)	345,377	-	345,377
Net Assets at Beginning of Year, As Restated	9,398,457	546,947	9,945,404
Changes in Net Assets, current year	1,846,387	459,465	2,305,852
Net Assets, End of Year	**$ 11,244,844**	**$ 1,006,412**	**$ 12,251,256**

See Notes to Financial Statements and Independent Auditors' Report.

TOGETHER WE RISE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising and Development	Total
Salaries	$ 1,532,474	$ 208,709	$ 61,728	$ 1,802,911
Payroll taxes	69,655	4,917	7,375	81,947
Employee benefits	67,198	4,743	7,115	79,056
Arts and events costs	489,919	-	1,488	491,407
Auto expense	6,858	2,286	-	9,144
Dues and subscriptions	-	-	6,133	6,133
Outside services	-	9,692	-	9,692
Outside services for application	287,203	-	-	287,203
Travel	78,570	7,878	-	86,448
Meals	-	-	265	265
Shipping and postage	261,842	-	90	261,932
Professional development	27,908	-	-	27,908
Education and outreach	991,894	-	-	991,894
Occupancy (rent and utilities)	143,057	18,298	4,990	166,345
Repair and maintenance	7,978	1,299	-	9,277
Property tax	7,101	1,156	-	8,257
Insurance	38,048	2,686	4,029	44,763
Bank charges	4,389	529	4	4,922
Office supplies and software	188,920	9,943	-	198,863
Taxes and licenses	-	468	-	468
Donations	517,351	-	-	517,351
Donated goods	914,595	-	-	914,595
Family Fellowship	325,916	-	1,428	327,344
Telecommunications	4,076	1,359	-	5,435
Depreciation	63,100	8,071	2,201	73,372
Amortization	34,538	-	-	34,538
Professional services	-	168,292	-	168,292
Interest expense	-	2,450	-	2,450
	$ 6,062,590	$ 452,776	$ 96,846	$ 6,612,212

See Notes to Financial Statements and Independent Auditors' Report.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities:	
Change in net assets	**$ 2,305,852**
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expenses	107,910
Forgiveness of government grant - PPP loan	(293,300)
Changes in assets and liabilities:	
Supplies inventory	(135,344)
Deposits on inventory	(182,085)
Accounts payable	82,776
Deferred revenue	(19,018)
Accrued payroll and vacation	16,762
Total Adjustments	(422,299)
Net Cash Provided by Operating Activities	1,883,553
Cash Flows from Investing Activities:	
Purchases of property, equipment and improvements	(719,773)
Net Cash Used in Investing Activities	(719,773)
Cash Flows from Financing Activities:	
Repayment on Economic injury disaster loan	(2,038)
Net Cash Used in Financing Activities	(2,038)
Net Increase in Cash	1,161,742
Cash at Beginning of Year	6,588,292
Cash at End of Year	**$ 7,750,034**
Supplementary Disclosures:	
Interest paid	**$ 5,445**
Non-Cash Investing Activities	
Purchase of building improvements which remained in accounts payable	$ 51,670
Purchase of vehicle by issuance of note payable	$ 41,498

See Notes to Financial Statements and Independent Auditors' Report.

Note 1: Nature of Organization

Together We Rise (Organization) is a 501(c)(3) non-profit organization comprised of motivated young adults and former foster youth. The Organization's vision is to improve the lives of foster children in America, who often find themselves forgotten and neglected by the public. The Organization collaborates with community and corporate sponsors to bring resources to foster youth and use service-learning activities to educate volunteers on issues surrounding the foster care system.

The Organization generates funding from donations, contributions and team building events. For team building events, the Organization charges a team sponsor for supplies and a team donates their time to put together items to be donated such as bicycles, school supplies, birthday boxes and suitcases which foster youth use to travel from one home to another home. The Organization works with various foster agencies, social workers, Court Appointed Special Advocates ("CASA"), and other partners to bring the programs to foster youth across the nation.

The Organization's headquarters are located in Brea California.

Note 2: Summary of Significant Accounting Policies

Financial Statement Presentation

The financial statements are prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers short-term investment purchased with a maturity of three months or less to be cash and cash equivalents.

Supplies Inventory

Supplies inventory consists of various program-related supplies to be used at team building events and are stated at the lower of cost or net realizable value by the first-in first-out method.

Property, Equipment and Improvements

Property, equipment and improvements are stated at cost when purchased, or at estimated fair market value at the date of bequest or gift. Depreciation is provided using the straight-line method over the estimated useful life of the related asset, ranging from 4-20 years. Individual property items valued at less than $1,000 are expensed when purchased or donated.

Internally Developed Software

The Company capitalizes certain costs related to software developed for internal use in accordance with ASC 350-40, *Intangibles-Goodwill and Other – Internal Use Software*. These costs were incurred in connection with developing application which is used for the Organization's program. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task that it previously did not perform. Interna use software is amortized on a straight-line basis over a 10 year period. Capitalized software costs, net of accumulated amortization of $34,538, were $310,839 as of December 31, 2021. See Note17 Prior Period Adjustment.

Note 2: Summary of Significant Accounting Policies

Net Assets

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (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 statement of activities as net assets released from restrictions.

Revenue Recognition

Contribution Revenue

Contributions are recognized as revenues in the period received. Contributions are considered to be without donor restrictions unless specifically restricted by the donor for time or purpose.

Program Fee Revenue

Program fee revenue represents revenue allocated for facilitation services provided by the Organization for events. The Organization provides various “Team building” events services. The fee for events may include event coordination or facilitation fees. Such fees are agreed upon amounts in their contracts. The Organization allocates the agreed upon facilitation fee in contracts as program revenue and accounts in accordance with ASC 606 *Revenue from Contracts with Customers*. The remainder of the fee is considered contributions. Revenue from program services is recognized in the period when events take place. The Organization defers recognizing revenue for deposits received for the facilitation service until the event takes place and is recorded as deferred revenue in the accompanying balance sheet.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization’s program services; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in U.S. The Company didn’t recognize any donated service during 2021.

In-kind contributions represents donated goods and materials which are recorded at their fair value at the date of the donations. The Organization received $914,595 of contributed goods and materials such as computer equipment, new clothes and other supplies. Those contributed goods and materials were distributed to children in foster program.

Advertising and Marketing

Advertising and marketing expenses are charged to expense as incurred. The advertising and marketing costs for the year ended December 31, 2021 was $262,127.

Note 2: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). Accordingly, no provision for federal or state income taxes is included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service ("IRS") not to be a private foundation within the meaning of Section 509(a) of the Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2021.

Functional Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting services benefitted.

Use of Estimates

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

Date of Management's Review

The Organization has evaluated subsequent events through April 29, 2022, the date which the financial statements were available to be issued.

Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the balance sheet date, is as follows. As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in low-risk investments. As of December 31, 2021, there was no deposits in investments.

Cash and cash equivalents	$ 7,750,034
Donor restricted net assets	(1,006,412)
	$ 6,743,622

Note 4: Concentration of Credit Risk

The Organization may be subject to credit risk on its cash. At December 31, 2021, the Organization maintains its cash balances at one institution. Accounts at the institution are insured by FDIC, which covers up to $250,000 for substantially all depository accounts. At various times throughout the year, the balances in these accounts may be in excess of federally insured limits. Management believes the Organization is not exposed to any significant credit risk on cash.

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash deposits at a brokerage firm. The accounts at the brokerage firm contain cash and securities. Balances are insured up to $500,000 with a limit of $250,000 for cash, by the Securities Investor Protection Corporation ("SIPC"). At various times throughout the year, the balances in these accounts may be in excess of SIPC insured limits.

Note 5: Supplies Inventory

Supplies inventory consists of various supplies which are used for events for $592,616 and merchandise which are sold to raise donations for $47,539.

Note 6: Construction in Progress

Construction in progress primarily costs of improvements which the Organization has been working since 2020 for a building acquired in 2019. Construction is expected to complete by the end of June 2022. Management estimates the remaining costs to complete the project is approximately $150,000.

Note 7: Note Payable

In December 2021, the Organization obtained a vehicle loan in the amount of $41,498 from a financial institution with an annual fixed rate of 5.84%. Monthly principal and interest payments of $801 are payable through December 2026. The note is secured by the vehicle financed. At December 31, 2021, the outstanding balance was $41,498. Future principal payments due on the loan for years subsequent to December 31, 2021, are as follows:

Year Ending December 31,		
2022	$	7,386
2023		7,829
2024		8,298
2025		8,796
2026		9,189
	$	41,498

Note 8: Economic Injury Disaster Loan (EIDL)

In May 2020, the Organization entered into an Economic Injury Disaster Loan (“EIDL”) (under Section 7(b) of the Small Business Act, as amended) with the US Small Business Administration (“SBA”) in the amount of $150,000. The loan bears interest at an annual fixed rate of 2.75% and accrue from the date when the funds were advanced. The loan requires a monthly principal and interest payment of $641, with the first payment due May 2021 and the balance of principal and interest will be payable over 30 years. The loan is secured by all tangible and intangible assets of the Organization. UCC-1 was filed by SBA in the state of California. The Organization’s loan agreement contains certain requirements, which the Organization met at December 31, 2021. The outstanding loan balance at December 31, 2021 was $147,962. The Organization incurred interest expense in the amount of $2,450 for the year.

Future principal payments due on the Economic Injury Disaster Loan for years subsequent to December 31, 2021, are as follows:

Year Ending December 31,		
2022	$	3,570
2023		3,670
2024		3,772
2025		3,877
2026		3,985
Therafter		129,088
	$	147,962

Note 9: Paycheck Protection Program Loan

On April 14, 2020, the Organization received loan proceeds in the amount of $293,300 under the Paycheck Protection Program (“PPP”). In October 2021, the loan was forgiven. Accordingly, the Organization reported the PPP loan forgiveness as income and has been separately reported on the accompanying statement of activities and changes in net assets.

Note 10: Deferred Revenue

Deferred revenue represents event revenue allocated for facilitation service which the cash payments are received but the event hasn’t taken place at December 31, 2021. This is considered contract liabilities. The Organization’s obligation is to provide facilitation service when events take place in the future period. The balance at December 31, 2021 was $238,423.

Note 11: Net Assets with Donor Restrictions

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

Subject to expenditure for specified purpose:	
Fellowship Program	$ 555,445
RAPID Program	261,765
Team building for youth in foster care	189,202
	$ 1,006,412

The Fellowship program is a scholarship program to pay college tuitions and living costs students while students, who were in the foster care system are attending colleges. The RAPID program is a program which helps transition former foster youth to outside of foster care after they reached age of 18. Team building for youth in foster care consists of various team building events which donor sponsors put together volunteer opportunities for their own organizations and donate their time and purchase supplies which are used for events from the Organization.

Note 12: Employee Benefit Plan

The Organization has a 401(k) profit sharing plan for all eligible employees. The Company matches employees contributions up to 4% of salary. Total employer matching contributions were $24,099 for the year ended December 31, 2021 which is included in employee benefits on the schedule of functional expenses. The amount accrued and payable to the trustee was $24,009 at December 31, 2021. There was no profit sharing contribution for the year ended December 31, 2021.

Note 13: Lease Commitments

The Organization has the following lease commitments:

In February 2015, the Organization entered into two 39-month leases for office space in Brea, California requiring monthly payments of $2,896 per office ending in July 2021. The Organization renewed the lease for additional 12 months ending June 30, 2022.

In November 2019, the Organization entered into a lease agreement for the period of January 1, 2020 to December 31, 2021, for additional office space in Brea, California. The Organization renewed the lease for additional 24 months ending December 31, 2023. The monthly payment is $5,628 and $5,628 during 2021 and 2022, respectively.

Payments related to these leases (which include rent and utilities) amounted to $166,345 for the year ended December 31, 2021 and included in Occupancy expense in the accompanying statement of functional expenses.

Future minimum lease payments by year, as of December 31, 2021, are as follows:

Year ending December 31,	
2022	$ 102,288
2023	70,752
Total	$ 173,040

Note 14: Related Party

In May 2020, the Organization formed a corporation, Techether, Inc., (the Company) a Delaware corporation, which the Organization is the sole stockholder of the Corporation. This Company has not had any activity since its formation.

Note 15: Contingencies

The Organization is subject to various legal claims and proceedings arising in the ordinary course of business. The ultimate disposition of these proceedings is not determinable, in the opinion of management after consultation with legal counsel, as of the report date.

Note 16: COVID-19

Although the restrictions caused by the COVID-19 pandemic has been lifted, revenue from events has not been recovered to the pandemic period level. Management believes that more events will be held for coming year. However, how the Organization recovers from the COVID-19 and the impact on the financial statements is not reasonably estimable at the date of this report.

Note 17: Prior Period Adjustment

The net assets at the beginning of the year were restated for a prior period adjustment. The Organization internally developed software which tracks the history of children in the foster care system. The development of the software began in 2018 and was completed at the end of December 2020, for a total cost of $345,377 that was expensed during those years. The application was completed by the end of 2020 and put in service in January 2021. The prior period adjustment was to record the software development costs as an asset, which increased beginning net assets and increased the software asset in the accompanying statement of financial position.