TOGETHER WE RISE

DECEMBER 31, 2022

FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORT

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FINANCIAL STATEMENTS

DECEMBER 31, 2022

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FINANCIAL STATEMENTS

DECEMBER 31, 2022

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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 financial statements of Together We Rise (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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, 2022, 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.

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

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

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
October 2, 2023

TOGETHER WE RISE

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

Assets	
Current Assets	
Cash and cash equivalents	$ 4,514,457
Accounts receivable	97,554
Investments	2,908,044
Supplies inventory	607,850
Merchandise inventory	33,149
Deposits on inventory	91,024
Property tax receivable	16,284
Total Current Assets	8,268,362
Property, Equipment and Improvements	
Construction in progress	123,327
Equipment and tools	229,132
Furniture	158,000
Vehicles	128,658
Building	1,885,490
Building improvements	1,583,037
Land	3,885,208
Art	16,138
Software	345,377
Total Property, Equipment and Improvements	8,354,367
Less Accumulated Depreciation and Amortization	(530,795)
Property, Equipment and Improvements, net	7,823,572
Other Assets	
Security deposits	15,998
Operating lease right of use assets	67,537
	83,535
Total Assets	**$ 16,175,469**
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	$ 131,769
Accrued payroll and vacation	127,057
Economic injury disaster loan - current portion	3,670
Notes payable - current portion	84,941
Line of credit	7,781
Deferred revenue	187,056
Customer deposit	22,267
Operating lease liability, current portion	37,975
Total Current Liabilities	602,516
Non-Current Liabilities	
Economic injury disaster loan, less current portion	140,722
Notes payable, less current portion	2,763,489
Operating lease liability, net of current portion	29,562
Total Non-Current Liabilities	2,933,773
Total Liabilities	3,536,289
Net assets	
Without donor restrictions - undesignated	11,465,793
With donor restrictions - purpose restrictions	1,173,387
Total Net Assets	12,639,180
Total Liabilities and Net Assets	**$ 16,175,469**

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, 2022

	Without Donor Restriction	With Donor Restriction	Total
Revenues, Grants and Other Support:			
Contributions	$ 7,209,383	$ 761,443	$ 7,970,826
Contributed goods and materials	1,274,366	-	1,274,366
Program fees	226,519	-	226,519
Net investment income	9,056	-	9,056
Net assets released from restrictions	594,468	(594,468)	-
Total revenues, gains and other support	9,313,792	166,975	9,480,767
Expenses:			
Program services expense	8,284,202	-	8,284,202
Supporting services expense			
Management and general	414,606	-	414,606
Fundraising and development	394,035	-	394,035
Total functional expenses	9,092,843	-	9,092,843
Changes in Net Assets	220,949	166,975	387,924
Net Assets, Beginning of Year	11,244,844	1,006,412	12,251,256
Net Assets, End of Year	**$ 11,465,793**	**$ 1,173,387**	**$ 12,639,180**

See Notes to Financial Statements and Independent Auditors' Report.

TOGETHER WE RISE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising and Development	Total
Salaries	$ 2,089,423	$ 147,489	$ 221,233	$ 2,458,145
Payroll taxes	155,346	10,966	16,448	182,760
Employee benefits	29,708	2,097	3,146	34,951
Material, supplies and events costs	3,249,805	-	48,998	3,298,803
Auto expense	5,295	-	-	5,295
Dues and subscriptions	-	1,102	616	1,718
Outside services	1,135	-	-	1,135
Outside services for application	361,249	-	-	361,249
Travel	68,102	36,662	85,814	190,578
Shipping and postage	313,781	-	-	313,781
Professional development	126,642	360	-	127,002
Education and outreach	632,632	-	-	632,632
Occupancy (rent and utilities)	166,494	21,296	5,808	193,598
Repair and maintenance	38,780	6,313	-	45,093
Property tax	13,995	2,278	-	16,273
Insurance	43,035	3,034	4,551	50,620
Bank charges	1,249	20,612	-	21,861
Office supplies and software	129,436	6,812	-	136,248
Taxes and licenses	-	6,910	-	6,910
Donations	362,337	-	150	362,487
Family fellowship	302,132	-	542	302,674
Depreciation and amortization	169,939	21,736	5,928	197,603
Loss on disposal of equipment and improvements	22,255	2,846	776	25,877
Professional services	1,432	63,821	-	65,253
Miscellaneous expense	-	-	25	25
Interest expense	-	60,272	-	60,272
	$ 8,284,202	$ 414,606	$ 394,035	$ 9,092,843

TOGETHER WE RISE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows from Operating Activities:	
Change in net assets	**$ 387,924**
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	197,603
Loss on disposal of leasehold improvement	25,877
Changes in assets and liabilities:	
Accounts receivable	(97,554)
Supplies inventory	32,305
Merchandise inventory	(33,149)
Property tax receivable	(10,000)
Deposits on inventory	97,461
Accounts payable	(31,121)
Deferred revenue	(51,367)
Accrued payroll and vacation	50,254
Customer deposits	22,267
Total Adjustments	202,576
Net Cash Provided by Operating Activities	590,500
Cash Flows from Investing Activities:	
Purchase of investments	(2,908,044)
Purchases of property, equipment and improvements	(873,859)
Net Cash Used in Investing Activities	(3,781,903)
Cash Flows from Financing Activities:	
Repayment on Economic injury disaster loan	(3,570)
Net activity on line of credit	7,781
Repayment on notes payable	(33,385)
Loan cost on notes payable	(15,000)
Net Cash Used in Financing Activities	(44,174)
Net Decrease in Cash	(3,235,577)
Cash at Beginning of Year	7,750,034
Cash at End of Year	**$ 4,514,457**
Supplementary Disclosures:	
Cash paid during the year for:	
Interest paid	**$ 60,272**
Operating cash flows from operating leases	**$ 129,400**
Non-Cash Investing Activities	
Purchase of building and land by issuance of note payable	$ 2,800,000
Purchase of vehicle by issuance of note payable	55,317
	$ 2,855,317

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 Organization considers short-term investment purchased with a maturity of three months or less to be cash and cash equivalents.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest, dividend, realized and unrealized gains and loss, less external and direct investment expenses.

Investment consists of fixed income securities (Government bonds) at December 31, 2022 and is considered Level 1 investment. Fair value of those investments is based on closing price reported on the active market on which the individual securities are traded. Total investment was $2,908,044 at December 31, 2022.

Supplies and Merchandise Inventory

Supplies inventory consists of various program-related supplies to be used at team building events. Merchandise inventory is primarily clothing with the Organization's logo which is sold to raise donations or provided to volunteers for free. Inventory is 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 and amortization is computed 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.

Note 2: Summary of Significant Accounting Policies (Continued)

Internally Developed Software

The Organization 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. Internal use software is amortized on a straight-line basis over a 10 year period. Capitalized software costs, net of accumulated amortization of $69,076, were $276,301 as of December 31, 2022.

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

Cash donations are recognized as revenues in the period when cash is 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 to cover the cost for supplies and overhead. Revenue from program services including donation portion 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 statement of financial position.

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 Organization didn't recognize any donated service during 2022.

Note 2: Summary of Significant Accounting Policies (Continued)

Contributed nonfinancial assets include donated goods and materials which are recorded at respective fair values of the goods received. The Organization doesn't sell donated goods and materials The Organization received approximately $1,274,000 of contributed goods and materials such as program material, 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, 2022 was $191,547 and included in education and outreach expenses in the accompanying the statement of functional expenses.

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. 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, 2022.

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.

Recently Adopted Accounting Pronouncements

Leases

On January 01, 2022, the Organization adopted the Financial Accounting Standards Board's (the "FASB") Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842) ("ASU 2016-02"), and additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, the "new leases standard"), which modifies lease accounting to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. The Organization adopted the new leases standard utilizing the modified retrospective transition method applied at the beginning of the earliest comparative period presented, under which amounts in prior periods presented were restated. For contracts existing at the time of adoption, the Organization elected to not reassess (i) whether any are or contain leases, (ii) lease classification, and (iii) initial direct costs. The Organization's lease arrangements may contain both lease and non-lease components. The Organization has elected to combine and account for lease and non-lease components as a single lease component for leases of warehouse. Upon adoption, the Organization recorded $67,537 of right-of-use ("ROU") assets and $67,537 of lease liabilities on its statement of financial position.

Note 2: Summary of Significant Accounting Policies (Continued)

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 October 2, 2023, 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.

Cash and cash equivalents	$ 4,514,457
Accounts receivable	97,554
Investment	2,908,044
Donor restricted net assets	(1,173,387)
	$ 6,346,668

Note 4: Concentration of Credit Risk

The Organization may be subject to credit risk on its cash. At December 31, 2022, 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 and Merchandise Inventory

Supplies inventory consists of various supplies which are used for events or goods to be donated to children in foster care system.

Merchandise inventory is primarily clothing with the Organization's logo which is sold to raise donations or provided to volunteers for free. The sale of merchandise inventory is included in contributions in the accompanying statement of activities and changes in net assets.

Note 6: Construction in Progress

The Organization substantially completed building improvement to the headquarter located in Brea, California, which was purchased in 2019. During 2022, approximately $1,500,000 of construction in progress was capitalized to building improvement. As of December 31, 2022, $47,725 remained in construction in progress related to building improvements.

The Organization has been working on implementing a new accounting software, Zoho. The software was implemented effective January 1, 2023. Construction in progress includes $75,602 of Zoho implementation cost at December 31, 2022.

Note 7: Notes 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, 2022, the outstanding balance was $34,112. The Organization incurred interest expense in the amount of $1,785.

In October 2022, the Organization obtained a vehicle loan in the amount of $55,317 from a financial institution with an annual fixed rate of 4.40%. Monthly principal and interest payments of $1,261 are payable through October 2026. The note is secured by the vehicle financed. At December 31, 2022, the outstanding balance was $53,205. The Organization incurred interest expense in the amount of $408.

In July 2022, the Organization entered into a promissory note agreement in the amount of $2,800,000 for short term working capital needs. The note bears interest equal to 4.35%. Monthly principal and interest payments of $15,437 are due through the maturity date of July 2029. The note is collateralized by building located in Brea, California. The balance of the note is $2,776,113 as of December 31, 2022. There were $15,000 of loan costs affiliated with this loan and is netted with the notes payable amount on the statement of financial position. The Organization incurred interest expense in the amount of $53,297. The loan agreement contains certain requirements, which the Organization met at December 31, 2022.

Future principal payments due on these notes payable for years subsequent to December 31, 2022, are as follows:

Year Ending December 31,		
2023	$	84,941
2024		88,544
2025		93,004
2026		94,668
2027		76,418
Therafter		2,410,855
	$	2,848,430

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 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, 2022. The outstanding loan balance at December 31, 2022 was $144,392. The Organization incurred interest expense in the amount of $4,142 for the year.

Future principal payments due on the Economic Injury Disaster Loan for years subsequent to December 31, 2022, are as follows:

Year Ending December 31,		
2023	$	3,670
2024		3,772
2025		3,877
2026		3,985
2027		4,096
Therafter		124,992
	$	144,392

Note 9: Line of Credit

In July 2022, the Organization entered into a revolving line of credit with a bank for $1,000,000. The line bears a variable interest at Wall Street Journal Prime Rate on the last business day of each month, with an interest rate floor of 4% and with an interest rate ceiling of 18%. The balance at December 31, 2022, was $7,781. The interest rate at December 31, 2022 was approximately 7.50%. The note is collateralized by building located in Brea, California. The revolving line of credit expires in July 2027.

The line of credit agreement with the bank contains various covenants of which the Organization was in compliance as of December 31, 2022.

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, 2022. This is considered a contract liability. The Organization's obligation is to provide facilitation service when events take place in the future period. The balance at December 31, 2022 was $187,056.

Note 11: Net Assets with Donor Restrictions

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

Subject to expenditure for specified purpose:	
Fellowship Program	$ 432,268
RAPID Program	261,742
Trade school program	205,176
Team building for youth in foster care	274,201
	$ 1,173,387

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. The trade school program is a scholarship program to pay tuitions for trade schools. 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 Organization matches employees contributions up to 4% of salary. Total employer matching contributions were $34,951 for the year ended December 31, 2022 which is included in employee benefits on the schedule of functional expenses. The amount accrued and payable to the trustee was $34,951 at December 31, 2022. There was no profit sharing contribution for the year ended December 31, 2022.

Note 13: Leases

Lease Term

On September 20, 2022, the Organization entered into a lease agreement for a warehouse in Brea, California. The lease is for two years and doesn't include any option to extend. The lease agreement does not contain any residual value guarantees or restrictive covenants.

Discount Rate

As the rate implicit in the Organization's leases is not readily determinable, the Organization has made an accounting policy to apply a risk-free rate as the discount rate used to measure lease liabilities and right-of-use assets at commencement of a lease.

Financial Presentation of Leases

The following summarizes the line items in the statement of net position which include amounts for operating and finance leases as of December 31, 2022:

Operating Leases	
Operating lease right-of-use assets	$ 67,537
Operating lease liabilities, current portion	$ 37,975
Operating lease liabilities, net of current portion	29,562
Total operating lease liabilities	$ 67,537

Note 13: Leases (Continued)

Weighted Average Remaining Lease Term and Discount Rate

The Organization's operating lease has weighted average remaining lease terms of 1.92 years and weighted average discount rate of 4.28**%** as of December 31, 2022.

Detail of Lease Expense

The following summarizes the line items in the income statement which include the components of lease expense for the year ended December 31:

	2022
Lease cost:	
Operating lease cost	$ 126,944
Variable lease cost	2,456
Total lease cost	$ 129,400

Total lease cost of $129,400 is included in occupancy (rent and utilities) in the accompanying statement of functional expenses.

Future Maturities of Leases

The maturities of lease liabilities as of December 31, 2022 were as follows:

	Operating
Year Ending December 31:	
2023	$ 37,974
2024	29,562
Present value of lease liabilities	$ 67,536

Note 14: Contributed Goods and Material

For the year ended December 31, 2022, contributed non-financial assets recognized within the statement of activities included the following:

Pokemon Skateboards	$ 609,480
Health and beauty products	327,775
Clothes and accesorries	133,820
Supplies	41,383
Bedding items	40,243
Computers	35,000
Food	31,813
Toys	18,139
Furniture	16,475
NBA Clippers season tickets	10,728
Gift cards	1,230
Wine	8,280
	$ 1,274,366

Note 15: Related Party

In May 2020, the Organization formed a corporation, Techether, Inc., (the Corporation) a Delaware corporation, which the Organization is the sole stockholder of the Corporation. The Corporation was formed to operate the application developed by the Organization (cost of developing application of approximately $345,000). The application is used by various agencies as trial since 2021. The Organization has plan to transfer the assets to the Corporation and distributes to various agencies with fees. The Corporation has not had material activity since its formation. Expenses related to this Corporation (primarily tax expense and tax preparation costs) is paid by the Organization and is included in the accompanying the statement of functional expenses.

The lease of the warehouse in Brea, California, is personally guaranteed by the founder and CEO of the Organization.

Note 16: 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.