East County Transitional Living Center, Inc.

Financial Statements

Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of East County Transitional Living Center, Inc.

Opinion

We have audited the accompanying financial statements of East County Transitional Living Center, Inc. (a nonprofit organization), which comprise the balance sheet as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East County Transitional Living Center, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of East County Transitional Living Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about East County Transitional Living Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of East County Transitional Living Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East County Transitional Living Center, Inc.'s ability to continue as a going concern for a reasonable period of time.
- Audited the financial statements for the year ended December 31, 2022 only. The financial statements of the year ended December 31, 2021 were audited by Ortega & Konrad, LLP

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.

Swenson Advisors, LLP

SWENSON ADVISORS, LLP

San Diego, California

October 31, 2023

East County Transitional Living Center, Inc.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	**$ 350,266**	$ 369,954
Restricted cash	**107,635**	202,884
Accounts receivable, net of allowance for credit losses of $30,900 for 2022 and $24,625 for 2021	**74,446**	69,503
Prepaid expenses	**38,129**	37,958
Total current assets	**570,476**	680,299
Long term assets		
Right of use assets operating leases	**222,313**	-
Right of use assets finance leases	**426,002**	-
Property and equipment, net	**993,517**	1,230,570
Total assets	**$ 2,212,307**	$ 1,910,869
Liabilities and Net Assets		
Current liabilities		
Accounts payable	**$ 78,711**	$ 50,793
Accrued expenses	**81,824**	16,449
Cash held in trust for others	**3,263**	5,209
Current operating leases	**88,279**	-
Current finance leases	**23,724**	-
Current capital lease	**-**	12,164
Long-term liabilities		
Long-term operating lease	**134,034**	-
Long-term finance lease	**364,771**	-
Long-term capital lease	**-**	322,663
Total liabilities	**774,606**	407,278
Net Assets		
Without donor restrictions	**1,026,952**	1,128,843
With donor restrictions	**410,749**	374,748
Total Net Assets	**1,437,701**	1,503,591
Total Liabilities and Net Assets	**$ 2,212,307**	$ 1,910,869

See accompanying notes to the financial statements

East County Transitional Living Center, Inc.
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022	2021
Net Assets Without Donor Restrictions		
Support and revenues:		
Gifts-in-kind	**$ 4,293,417**	$ 3,361,182
Program services	**1,328,352**	1,251,559
Contributions	**1,010,986**	595,480
Grants	**95,817**	54,380
Gain from disposal of assets	**700**	13,977
Other	**94,598**	62,847
Total revenues without donor restrictions	**6,823,870**	5,339,425
Net assets released from restrictions	**172,657**	504,672
Total Support and Revenues Without Donor Restrictions	**6,996,527**	5,844,097
Expenses:		
Program services	**6,285,521**	5,283,087
Management and general	**706,383**	353,361
Fundraising	**106,514**	135,938
Total Expenses	**7,098,419**	5,772,386
(Decrease) Increase in Net Assets Without Donor Restrictions	**(101,892)**	71,711
Net Assets With Donor Restrictions		
Contributions	**208,659**	305,450
Net assets released from restrictions	**(172,657)**	(504,672)
Increase (Decrease) in Net Assets with Donor Restrictions	**36,002**	(199,222)
(Decrease) in Net Assets	**(65,890)**	(127,511)
Net Assets, Beginning of year	**1,503,591**	1,631,102
Net Assets, End of year	**$ 1,437,701**	$ 1,503,591

See accompanying notes to the financial statements

East County Transitional Living Center, Inc.
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
(Decrease) in net assets	$ (65,890)	$ (127,511)
Adjustments to reconcile increase (decrease) in net assets		
Depreciation and amortization	89,063	107,093
Bad debt expense	30,900	24,625
Gain from disposal of asset	(700)	(13,977)
(Increase) decrease in operating assets		
Accounts receivable	(19,518)	(22,970)
Prepaid expenses	(171)	(5,592)
Cash restricted for building construction	90,040	376,295
Increase (decrease) in liabilities		
Accounts payable	11,591	13,011
Accrued expenses	65,376	(5,648)
Cash held in trust for others	(1,946)	(849)
Other	-	(2,000)
Net cash provided by operating activities	198,745	342,477
Cash flows from investing activities		
Proceeds from disposal of assets	700	13,977
Purchase of property and equipment	(207,620)	(595,640)
Net cash (used) by investing activities	(206,920)	(581,663)
Cash flows from financing activities		
Change in finance leases	(16,721)	-
Principal payments on capital lease	-	(11,688)
Net cash (used) by financing activities	(16,721)	(11,688)
Net (decrease) in cash	(24,897)	(250,874)
Cash and cash equivalents, beginning of year	**375,163**	**626,037**
Cash and cash equivalents, end of year	$ **350,266**	**$ 375,163**
Supplemental Disclosure		
Cash paid during the year for:		
Interest	$ **13,944**	$ 13,648

See accompanying notes to the financial statements

NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

East County Transitional Living Center, Inc. (the Organization) is a California 501(c)(3) nonprofit public benefit corporation organized in 2009 to provide hope and a hand-up to homeless and other individuals and families in need, by assisting them into independent, selfsustained living through case-managed transitional programs. The Organization is located in El Cajon California and provides emergency housing, transitional housing, job skills development, biblical training, the opportunity to earn a General Education Diploma, case management, and linkage to important resources which enable participants to become self – sustaining members of the community.

Financial Statement Presentation

The financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below:

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The following provides a summary of cash, cash equivalents and restricted cash that sum to the total of the same such amounts in the statement of cash flows:

	2022	2021
Cash and cash equivalents	$ 350,266	$ 369,954
Cash – restricted	107,635	202,884
Total cash	$ 457,901	$ 572,838

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported in the following two classes:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations, including those resources currently available for use in the Organization's operations and those designated by the board for specific future uses.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations which have not yet been met, including those that have been restricted in perpetuity, such that they are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Accounts receivable

Accounts receivable is from program income earned and not collected as of the last business day of the year, of which the Organization has an unconditional right to receive. The Organization provides for estimated losses on accounts receivable based on prior bad debt experience and a review of existing receivables. The Organization reviews its past due balances, and accounts deemed uncollectible. As of December 31, 2022, and 2021, management had established an allowance of $30,900 and $24,625 respectively.

NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Expenditures for property and equipment of $1,500 or more are capitalized and stated at cost. Donated assets of $1,500 or more are recorded at their estimated fair market values at the date of donation. Depreciation is provided over the estimated useful lives, ranging from 3 to 39 years of the respective assets on a straight-line basis. Maintenance and repairs are charged to operations as incurred.

Fair Value of Financial Instruments

Financial instruments include cash and cash equivalents, accounts receivable, other assets, accounts payable, and accrued liabilities. The carrying amounts of cash and cash equivalents, accounts receivable, other assets, accounts payable, and accrued liabilities approximate fair market value because of the short maturity of those instruments. The endowment investments and other assets are measured at fair value on a recurring basis.

Topic 820 in the FASB's Accounting Standards Codification, *Fair Value Measurements and Disclosures*, establishes a three-tier valuation hierarchy for classification of fair value measurements as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, at the measurement date.

Level 3 – Inputs are unobservable for the asset or liability and usually reflect the reporting entity's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The Organization's statements of financial position include investments in mutual funds that are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

Leases

The Organization determines if an arrangement is a lease at inception. Right-of-use ("ROU") assets and liabilities for operating leases and finance leases are recognized at the commencement date based on the present value of lease payments over the lease term. As it is not a Public Business Entity the Organization has elected to use the risk-free rates for operating leases as of the implementation date and for all new leases going forward. For capital leases existing as of the ASC 842 implementation date the existing interest rates have been carried forward. The lease term may include an option to extend or terminate early when exercise of that option is considered reasonably certain. Reductions to finance lease ROU assets are recognized as amortization on a straight-line basis over the lease term. Reductions to operating lease ROU assets are recognized as lease expense on a straight-line basis over the lease term.

Revenue Recognition

When monies or other assets are received, the Organization classifies the transaction as either a contribution (i.e. a nonreciprocal transaction) or an exchange (i.e. a reciprocal transaction).

Contributed Revenue – In accordance with ASU 2016-14, *Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"), when a transaction is determined to be a contribution, the Organization then determines whether it is conditional or unconditional. According to ASU 2018-08, *Not for Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), conditional contributions contain i) donor-imposed barrier(s) that must be overcome before the Organization is entitled to the assets transferred or promised and ii) a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. When the condition(s) are substantially met, the contribution becomes unconditional. Unconditional contributions are those that are absent of any indication that the Organization is only entitled to the transfer of assets or a future transfer of assets if it has overcome a barrier, or that the agreement does not contain a right of return of assets transferred or a right of release from obligation.

NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Revenue (continued) - Unconditional contributions are classified as either net assets with donor restrictions or net assets without donor restrictions and are recorded in accordance with the guidelines outlined in Subtopic 958-605, *Not-for- Profit Entities – Revenue Recognition*. Unconditional contributions are recognized when the donor makes a promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions. Expenses are recorded when incurred in accordance with the accrual basis of accounting. Contributions received with restrictions that are met in the same reporting period as received are reported as unrestricted support and increase net assets without donor restrictions.

The Organization receives substantial in-kind general donations and food donations, which are valued at the time of donation as contributions without donor restriction. The Organization receives general donations such as clothes, blankets, medicine, personal hygiene items. Other in-kind donations include rent and services. During 2022, the organization received in-kind donations of $3,093,464 in food, $1,125,955 in general donations, $51,120 in services and $22,878 in rent.

Donated property and equipment are recorded at fair market value at the date of gift. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

The nature and extent of donated and contributed services received by the Organization range from the limited participation of many individuals in fundraising activities to active participation in the Organization's management and service programs during 2023 and 2022. The valuation of contributed time is not reflected in these statements since they do not require specialized skills.

Exchange Transactions – The Organization accounts for exchange transactions in accordance with ASU No. 2014-09 (ASC Topic 606), *Revenue from Contracts with Customers* ("Topic 606").

Program Services revenues are derived from three major sources; *Transitional Housing*, *Work Therapy* and *Emergency Shelter*.

> *Transitional Housing* – Individuals and families receiving transitional housing and support pay for these services based on their ability to pay. These services are recognized as revenue when received.
>
> *Work Therapy* – Income is generated by transitional housing participants working for agencies that have contracted with the Organization for labor. In return for their labor, the contracted agencies provide a voluntary contribution to the Organization. The contributions are accrued to the period the labor services are provided.
>
> *Emergency Shelter Program* – The Organization has contracted with the City of El Cajon to provide emergency shelter to families during the winter months. The Organization provides these services based on a contracted daily rate and recognizes the revenues as the services are provided.

<u>Allocated Expenses</u>
Expenses by function have been allocated among program and supporting services classifications on the basis of internal records and estimates made by the Organization's management. Certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities based on square footage and hours spent, respectively. Other expenses are allocated based on time and effort. Currently, there are no joint costs which have been allocated among the program, general and administrative, and fundraising functions.

NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization, a California not-for-profit corporation, is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization's federal exempt organization returns for tax years 2019 and beyond remain subject to examination by the Internal Revenue Service. The Organization's exempt organization returns of the tax years 2018 and beyond remain subject to examination by the Franchise Tax Board.

NOTE 2 – ADOPTION OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of Recent Policy on Accounting for Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, Leases (Topic 842). This ASU requires substantially all leases to be recognized by lessees on their balance sheet as a right-of-use asset and a corresponding lease liability, including leases historically accounted for as operating leases. In July 2018, the FASB issued ASU 2018-11 which allows for an optional transition method to adopt the lease standard by recognizing a cumulative-effect adjustment to the opening balance sheet of retained earnings in the period of adoption, with no adjustment to prior comparative periods. ASU 2016-02 and all subsequent amendments (collectively, "ASC 842") requires adoption by the Organization for years beginning after December 15, 2021, though early adoption is permitted. The Organization adopted ASC 842 effective January 1, 2022, and elected to apply the cumulative-effect adjustment to the opening balance sheet and optional transition method to not present comparable prior year periods as allowed under ASU 2018-11. The Organization made practical expedient elections to not apply lease accounting to short-terms and to not elect hindsight. The Organization adopted the transitional practical expedients which did not require reassessment whether existing arrangements contained a lease, reassessment of the historical lease classification, or reassessment of initial direct costs. The adoption of ASC 842 as of January 1, 2022, resulted in the recording of $309,740 of operating lease right-of-use ("ROU") operating lease assets and operating lease liabilities, and $366,043 of ROU finance lease assets and $334,945 ROU finance lease liabilities. There were no adjustments to beginning retained earnings. The Organization reports financial information for the year ended December 31, 2021, and before under the previous accounting standard, Topic 840.

Recent Policy on Accounting for Credit Losses, not yet adopted

On January 1, 2020, the FASB issued new accounting guidance in ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Organization is evaluating ASU 2016-13 and its effect on the presentation of its financial statements. CECL will be effective beginning on January 1, 2023 for calendar year non-public institutions.

NOTE 3 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at cost less, accumulated depreciation:

	2022	2021
Furniture and equipment	$ 172,073	$ 118,550
Vehicles	257,792	222,169
Leasehold improvements	634,704	415,464
Building	342,965	-
Capital lease, net	-	365,925
Construction in progress	106,032	549,763
	1,513,566	1,671,871
Less: accumulated depreciation	(520,050)	(441,301)
Net property and equipment	$ 993,517	$ 1,230,570

Depreciation expense was $89,063 and $107,093 for the years ended December 31, 2022 and 2021 respectively.

NOTE 4 – GIFTS IN-KIND

Gifts in-kind consist of the following:

	2022	2021
Food	$ 3,093,464	$ 2,292,429
General	1,125,955	971,985
Services	51,120	72,792
Rent	22,878	23,976
Total gifts in-kind goods and services	$ 4,293,417	$ 3,361,182

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	2022	2021
Building Construction	$ 331,304	$ 374,748
Family Restoration Ministry	30,578	-
Men's and Women's Center	12,200	-
Conservacy	11,667	-
Other	25,000	-
	$ 410,749	$ 374,748

Net assets released from donor restrictions as follows:

	2022	2021
Expenses incurred and services provided to satisfy donor restrictions	$ 172,657	$ 504,672

NOTE 6 – LEASE AGREEMENTS

The Organization leases land under an operating lease through June 2025 and building, land and equipment under various finance leases through December 2046.

Right-of-use (ROU) assets and lease liabilities are determined based on the present value of future payments for lease components identified in the underlying agreements. A lease component is the cost stated in the agreement that directly relates to the right to use the identified asset(s). Amounts reflect increases stated in the agreements and periods reflected in renewal options are included when exercise is determined to be reasonably certain.

The Organization is not a Public Business Entity and elected to use the risk-free rate as the discount rate for lease accounting purposes. The risk-free rate is determined based on the daily rates posted by the U.S. Department of the Treasury as the Daily Treasury Par Yield Curve and by the U.S. Federal Reserve on their H.15 schedule. The discount rate used reflects the posted rate as of the previous quarter end that most closely corresponds to the lease term.

The Organization made an accounting policy election to not apply the lease accounting requirements to short-term lease arrangements with an initial term of 12 months or less.

A summary of lease expense is as follows:

	2022
Finance lease expense	
Amortization of ROU assets	$ 10,315
Interest on lease liabilities	13,944
Operating lease expense	89,971
Short-term lease expense	37,113
Total	$ 114,230

NOTE 6 – LEASE AGREEMENTS (CONTINUED)

Supplemental quantitative information related to financing and operating leases is as follows:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (i.e. Interest)	$12,706
Financing cash flows from finance leases (i.e. principal portion)	$16,895
Operating cash flows from operating leases	$89,971
New finance lease liabilities in exchange for ROU assets	$404,152
New operating lease liabilities in exchange for ROU assets	$309,740
ROU assets obtained in exchange for finance lease liabilities	$426,002
ROU assets obtained in exchange for operating lease liabilities	$222,313
Weighted-average remaining lease term in years for finance leases	15.69
Weighted-average remaining lease term in years for operating leases	2.5
Weighted-average discount rate for finance leases	3.87%
Weighted-average discount rate for operating leases	0.97%

Maturities of finance and operating lease liabilities are as follows:

Years Ending December 31,	Finance	Operating
2023	$ 38,131	$ 89,971
2024	38,131	89,971
2025	38,131	44,985
2026	38,131	-
2027	38,131	-
Thereafter	330,500	-
Total undiscounted cash flows	521,158	224,927
Less: present value discount	(132,662)	(2,614)
Total lease liabilities	$ 388,495	$ 222,313
Current lease liabilities	$ 23,724	$ 88,279
Long term lease liabilities	364,771	134,034
Total lease liabilities	$ 388,495	$ 222,313

NOTE 7 – RETIREMENT PLAN

The Organization maintains a voluntary, contributory tax-deferred retirement plan under section 403(b)(9) of the Internal Revenue Code. All employees are eligible regardless of service duration and are fully vested after 1 year of service in their contributions and earnings. There was no match provided by the Organization and no contributions made to the plan for the years ended December 31, 2022 and 2021.

NOTE 8 – RELATED PARTY TRANSACTIONS

The Organization provides housing allowances, on an as-needed basis, to the pastoral staff of Christian Fellowship of El Cajon (Fellowship). Some of the members of the pastoral staff also serve as employees and board members of the Organization. The allowances are recorded as charitable contributions on the Statements of Functional Expenses. Housing allowances and support paid to the Fellowship totaled $83,450 and $201,950 for the years ended December 31, 2022 and 2021 respectively.

NOTE 9 – LIQUIDITY AND FUNDS AVAILABLE

Financial assets include assets that are considered unavailable when illiquid or not convertible to cash within one year and receivables not available for general expenditure. As part of the Organization's liquidity management plan, cash in excess of daily requirements is set aside into an operating reserve bank account. At December 31, 2022 the operating reserve was $79,837. This reserve, established by the board of directors, may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress.

	2022
Financial assets	
Cash and cash equivalents	$ 350,266
Accounts receivables	74,446
Financial assets, at year-end:	424,712
Less those unavailable for general expenditure	
Restricted cash	(107,635)
Financial assets available to meet cash needs for general expenditures	$ 317,077

NOTE 10 – SUBSEQUENT EVENTS (UNAUDITED)

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 31, 2023, the date the financial statements were available to be issued and determined that no additional subsequent events have occurred that would require recognition on the consolidated financial statements or disclosure in the notes thereto.

East County Transitional Living Center
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	Supporting services: Management and General	Supporting services: Fundraising	Total
Food and supply distribution	$ 4,300,462	$ -	$ -	$ 4,300,462
Salaries & benefits	620,633	499,756	58,968	1,179,356
Utilities	407,664	48,366	-	456,030
Transportation	233,610	2,507	-	236,117
Rent	92,699	3,953	-	96,652
Repairs & maintenance	198,743	11,567	-	210,310
Insurance	111,347	22,369	1,286	135,002
Program	74,232	42,878	-	117,110
Contributions	98,835	-	-	98,835
Food	43,584	-	-	43,584
Fundraising	-	-	46,261	46,261
Interest expense	13,944	-	-	13,944
Depreciation	89,063	-	-	89,063
Property tax	706	30	-	736
Bad debt	-	30,900	-	30,900
Other	-	44,057	-	44,057
	$ 6,285,521	**$ 706,383**	**$ 106,514**	**$ 7,098,419**

East County Transitional Living Center
Statement of Functional Expenses
Year Ended December 31, 2021

		Supporting services		
	Program Services	***Management and General***	***Fundraising***	**Total**
Food and supply distribution	$ 3,359,182	$ -	$ -	$ 3,359,182
Salaries & benefits	630,793	176,305	39,847	846,945
Utilities	333,201	44,044	-	377,245
Transportation	196,592	1,027	-	197,619
Rent	97,812	4,171	-	101,983
Repairs & maintenance	137,213	5,093	-	142,306
Insurance	105,675	19,917	705	126,297
Program	53,674	31,148	-	84,822
Contributions	201,950	-	-	201,950
Food	43,124	-	-	43,124
Fundraising	-	-	95,386	95,386
Interest expense	13,648	-	-	13,648
Depreciation	107,093	-	-	107,093
Property tax	3,052	130	-	3,182
Bad debt	-	24,625	-	24,625
Other	78	46,901	-	46,979
	$ 5,283,087	**$ 353,361**	**$ 135,938**	**$ 5,772,386**