

SUSTAINABLE ECONOMIES LAW CENTER

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022

(With summarized comparative totals as of and for the
year ended December 31, 2021)



SUSTAINABLE ECONOMIES LAW CENTER
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sustainable Economies Law Center
Oakland, California

Qualified Opinion

We have audited the accompanying financial statements of Sustainable Economies Law Center (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization 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 Qualified Opinion

As explained in Note 11 to the financial statements, certain donated professional services are not recorded in the financial statements of the Organization. If the Organization were to record such donated professional services, in-kind revenue and expense would be increased by equal and offsetting amounts, program expenditures would likely increase and change in net assets and ending net assets would be unaffected.

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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 the Organization'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 and 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

The other CPA firm has previously audited the Organization's 2021 financial statements, and expressed an qualified audit opinion on those audited financial statements, in their report dated June 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, except for the qualification, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harshmal & Company LLP

Oakland, California
August 03, 2023

FINANCIAL STATEMENTS

SUSTAINABLE ECONOMIES LAW CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022
(With summarized comparative totals as of December 31, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 7,627,797	\$ 6,850,909
Contributions receivable	265,348	795,916
Accounts and other receivable	18,116	26,826
Prepaid expenses and deposits	34,090	24,006
Notes receivable	<u>20,000</u>	<u>-</u>
Total assets	<u>7,965,351</u>	<u>7,697,657</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	71,949	283,350
Accrued sabbatical	71,850	104,839
Deferred revenue	<u>6,600</u>	<u>-</u>
Total liabilities	<u>150,399</u>	<u>388,189</u>
NET ASSETS		
Without donor restrictions	1,621,300	1,543,149
With donor restrictions	<u>6,193,652</u>	<u>5,766,319</u>
Total net assets	<u>7,814,952</u>	<u>7,309,468</u>
Total liabilities and net assets	<u>\$ 7,965,351</u>	<u>\$ 7,697,657</u>

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

SUSTAINABLE ECONOMIES LAW CENTER
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With summarized comparative totals for the year ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Support				
Foundation and corporate	\$ 966,359	\$ 2,998,959	\$ 3,965,318	\$ 6,029,233
Contributions	64,039	19,794	83,833	756,888
Total support	1,030,398	3,018,753	4,049,151	6,786,121
Revenue				
Workshops and events	13,605	251,872	265,477	10,648
Consulting	47,254	1,025	48,279	108,793
Public speaking and other	4,909	41,132	46,041	24,629
Other income	30,682	-	30,682	4,988
Total revenue	96,450	294,029	390,479	149,058
Paycheck protection program	-	-	-	197,870
Net assets released from restrictions	2,885,449	(2,885,449)	-	-
Total support and revenue	4,012,297	427,333	4,439,630	7,133,049
EXPENSES				
Program	3,038,167	-	3,038,167	2,521,194
Management and general	612,092	-	612,092	506,827
Fundraising	283,887	-	283,887	195,447
Total expenses	3,934,146	-	3,934,146	3,223,468
Changes in net assets	78,151	427,333	505,484	3,909,581
Net assets, beginning of the year	1,543,149	5,766,319	7,309,468	3,399,887
Net assets, end of the year	\$ 1,621,300	\$ 6,193,652	\$ 7,814,952	\$ 7,309,468

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

SUSTAINABLE ECONOMIES LAW CENTER
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With summarized comparative totals for the year ended December 31, 2021)

	<u>2022</u>			<u>2021</u>	
	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total expenses</u>	<u>Total expenses</u>
Personnel:					
Salaries and wages	\$ 1,231,720	\$ 414,529	\$ 234,758	\$ 1,881,007	\$ 1,797,565
Employee benefits	116,165	39,095	22,140	177,400	136,106
Payroll taxes	<u>99,017</u>	<u>33,324</u>	<u>18,872</u>	<u>151,213</u>	<u>143,399</u>
Total personnel	<u>1,446,902</u>	<u>486,948</u>	<u>275,770</u>	<u>2,209,620</u>	<u>2,077,070</u>
Operating expenses:					
Project grants	1,238,644	-	-	1,238,644	680,564
Contractors	233,113	59,100	-	292,213	346,489
Advertising and promotion	858	-	-	858	605
Office supplies and expenses	10,724	31,481	2,044	44,249	20,589
Information technology	9,663	12,446	-	22,109	12,689
Occupancy	31,864	10,723	6,073	48,660	32,212
Travel and meals	22,393	-	-	22,393	6,554
Conferences and meetings	21,849	-	-	21,849	10,590
Interest	-	-	-	-	2,374
Insurance	11,960	8,971	-	20,931	17,494
Dues, licenses and service fees	9,749	2,423	-	12,172	-
Other	<u>448</u>	<u>-</u>	<u>-</u>	<u>448</u>	<u>16,238</u>
Total operating expenses	<u>1,591,265</u>	<u>125,144</u>	<u>8,117</u>	<u>1,724,526</u>	<u>1,146,398</u>
Total expenses 2022	<u>\$ 3,038,167</u>	<u>\$ 612,092</u>	<u>\$ 283,887</u>	<u>\$ 3,934,146</u>	
Total expenses 2021	<u>\$ 2,521,194</u>	<u>\$ 506,827</u>	<u>\$ 195,447</u>		<u>\$ 3,223,468</u>

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

SUSTAINABLE ECONOMIES LAW CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With summarized comparative totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 505,484	\$ 3,909,581
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
PPP loan forgiveness	-	(197,870)
Changes in assets and liabilities		
Accounts receivable	8,710	(18,726)
Contributions receivable	530,568	42,584
Prepaid expenses and deposits	(10,084)	(10,712)
Notes receivable	(20,000)	-
Accounts payable and accrued expenses	(211,401)	226,565
Accrued sabbatical	(32,989)	10,143
Deferred revenue	<u>6,600</u>	<u>(10,000)</u>
Net cash provided by operating activities	<u>776,888</u>	<u>3,951,565</u>
Change in cash and cash equivalents	776,888	3,951,565
Cash and cash equivalents, beginning of year	<u>6,850,909</u>	<u>2,899,344</u>
Cash and cash equivalents, end of year	<u>\$ 7,627,797</u>	<u>\$ 6,850,909</u>

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

**SUSTAINABLE ECONOMIES LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - NATURE OF ACTIVITIES

Sustainable Economies Law Center (the "Organization") is a California nonprofit public benefit corporation established in 2013 as a legal successor to a formal fiscal sponsor, Community Ventures, under which the Sustainable Economies Law Center began operations in 2009. The Organization provides essential legal tools - education, research, advice, and advocacy - so communities everywhere can develop their own sustainable sources of food, housing, energy, jobs, and other vital aspects of a thriving community.

Primary activities include legal advice clinics three times per month (Legal Cafe Program), community legal workshops in the Bay Area, training of legal professionals nationally through a fellowship program and building an online community called Law for Economics Democracy, policy advocacy at the state and local level, legal research, and educational resource development, which includes stewarding online legal resource libraries (like Co-opLaw.org) and creating educational videos.

In addition, the Organization incubates cooperatives and other change-making organizations by providing technical, operational, financial, and legal support. For example, in 2018, the Organization helped launch the East Bay Permanent Real Estate Cooperative and People Power Solar Cooperative. Starting in 2019, the Organization fiscally sponsored various projects including the California Alliance for Community Composting, The Next Egg, Cooperative Professions Guild, and the Collective Action and Land Liberation Institute.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

B. Net Assets

The financial statement report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions - are resources available to support operations. The only limits on the use of the assets are the broad limits resulting from the nature on the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions - are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; The Organization had net assets with donor restrictions as of December 31, 2022 and 2021 of \$6,193,652 and \$5,766,319 respectively.

When a donor's restrictions is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statement by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified assets is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

SUSTAINABLE ECONOMIES LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

D. Contributions Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization received all contributions receivable as of December 31, 2022.

E. Accounts and Other Receivable

Account receivable are preliminary unsecured non-interest-bearing amounts due from customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at December 31, 2022. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expenses in the period in which that determination is made.

F. Property and Equipment

Property and Equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$2,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease term for leasehold improvements. Expenditures for maintenance and repairs are charged to expenses as incurred. The Organization had no property or equipment that met this capitalization policy at December 31, 2022 and 2021, respectively.

G. Deferred Revenue

Deferred revenue represents funds received in advance of related performance obligations which have not yet been completely fulfilled.

H. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

I. Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2022 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

**SUSTAINABLE ECONOMIES LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

J. Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purpose are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

K. Revenue Recognition

In accordance with ASC 606, Revenue from Contracts with Customers, revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of goods at a point in time based on shipping terms and transfer of title. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods. Sales, value add, and other taxes collected concurrent with revenue-producing activities are excluded from revenue.

L. Workshops and Events

Workshops and events revenue consists of in person and online classes focused on various facets of practicing law in the sharing economy, such as cooperative taxation and advising worker self-directed nonprofits. The Organization also hosts and sometimes collects payment for strategic convening of partner organizations and community-building events for our stakeholders. Revenue from workshops and events are recognized in the year in which the workshops and events occur.

M. Consulting

Consulting revenue consists primarily of contracts carried out on a fee for service basis and legal services provided on an hourly cost basis. The Organization recognizes revenue on such activities as the related performance obligations are completed.

N. Fair Value Measurement

The Organization had no assets or liabilities recorded at fair value as of December 31, 2022.

O. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

P. Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purpose to conform with the presentation in the current year financial statements.

**SUSTAINABLE ECONOMIES LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Q. Expenses Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on the followings: Once per year, all staff report how they allocate their time across the three categories of functions (Programs, management and general, and fundraising). Many staff use time tracking software (Toggl), while others use reasonable estimates of time percentages. We then determine each staff person's functional allocations in dollar terms by multiplying the staff person's allocations by their salary. Based on this method, in 2022, 77% of staffing costs were spent on programs, 16% on management, and 7% on fundraising.

Office supplies and expenses are allocated using the using the same percentages applied to staff salaries and benefits, since the office is primarily used for staff work.

Insurance is allocated to management, except for the portion of premium costs covering legal malpractice insurance, which is allocated to programs, since this is directly related to and necessary to serving clients.

Information technology are allocated to management, since many are related to finances and HR, except for the apps related to the Organization's website and public educational resources, which are allocated to programs.

Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budget, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and other. Fundraising activities are highly integrated with the Organization's programmatic work. For example, program planning and grant writing go hand-in-hand, and events aimed at educating the community about the Organization work also encourage community member to donate. The Organization has few fundraising-related expenses other than staff time and one independent contractor. As such, a reasonable estimate of fundraising costs is based largely on staff time allocations, as described above.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Additionally, advertising costs are expensed as incurred. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Program costs encompass the expenses incurred in delivering the core programs and services that align with the organization's mission and objectives. These costs directly contribute to the organization's program activities.

**SUSTAINABLE ECONOMIES LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

R. New accounting pronouncements

Financial Accounting Standards Board has issued various Accounting Standards updates as Amendments of the FASB Accounting Standards Codification. The summary of the updates is set out below:

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The Organization maintains cash balances with Bank, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to an aggregate of \$250,000. As on December 31, 2022 and 2021 the Organization's cash balances in bank before reconciled items for the year ended December 31, 2022 and 2021, totaled \$7,519,877 and \$6,395,498 respectively, out of which \$7,269,877 and \$6,145,498 respectively were uninsured.

The organization maintains an undeposited funds account to record receipts and payments that have not yet been encashed and cleared from the organization's bank account. These undeposited funds primarily consist of cash and checks received from customers and other sources. Cash and cash equivalents consisted of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Bank	\$ 7,519,877	\$ 6,395,498
Paypal	1,205	1,036
Undeposited fund	<u>106,715</u>	<u>454,375</u>
Total cash and cash equivalents	<u>\$ 7,627,797</u>	<u>\$ 6,850,909</u>

**SUSTAINABLE ECONOMIES LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 - CONTRIBUTION RECEIVABLE

Contribution receivable as of December 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Benevity Donors	\$ 5,348	\$ 3,181
Manzanita Foundation	20,000	40,000
Swift Foundation	40,000	-
Swift Foundation/sch	200,000	-
11th Hour Project	-	305,000
Bank of America	-	5,000
Cooperative CTR Fed Cr Union	-	1,000
Lawyers' Comm for Civil Right	-	500
Movement Generation	-	8,235
RCF	-	2,000
Silicon Vally Community Foundation	-	275,000
Stupski Foundation	-	5,000
The Kresge Foundation	-	150,000
Tides Foundation	-	1,000
	<u> </u>	<u> </u>
Total	<u>\$ 265,348</u>	<u>\$ 795,916</u>

NOTE 5 - NOTES RECEIVABLE

The Organization made a loan of \$20,000 to Colmenar for the purpose of supporting Colmenar's operations. In return, Colmenar promises to pay the order of the organization, the sum of \$20,000 with no interest due and payable by one year from the date the funds are disbursed, except as otherwise provided.

NOTE 6 - ACCRUED SABBATICAL

The Organization offers eligible employees hired after June 2019, twelve (12) weeks of paid sabbatical leave after each five consecutive years of full-time employment. Eligible staff employed before June 01, 2019, are eligible for sixteen (16) weeks of paid sabbatical. Eligibility for subsequent benefits do not vest and leave is subject to the financial health and programmatic needs of the Organization. As of December 31, 2022 and 2021, the estimate of sabbatical liability was based on management's calculations of sabbatical accrued to date and the minimum probability that such leave will be taken by staff. The Organization expects sabbatical will be taken as follows:

	<u>2022</u>	<u>2021</u>
Within 1 year	\$ 28,156	\$ 60,929
After 1 year	<u>43,694</u>	<u>43,910</u>
Total	<u>\$ 71,850</u>	<u>\$ 104,839</u>

**SUSTAINABLE ECONOMIES LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, are:

<u>Financial Assets:</u>	<u>2,022</u>	<u>2,021</u>
Cash and cash equivalents	\$ 7,627,797	\$ 6,850,909
Contributions receivable	265,348	795,916
Accounts receivable	18,116	26,826
Note receivable	<u>20,000</u>	<u>-</u>
Total financial assets	<u>7,931,261</u>	<u>7,673,651</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>6,193,652</u>	<u>5,766,319</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,737,609</u>	<u>\$ 1,907,332</u>

The Organization's working capital and cash flows vary during the year based on the timing of grant awards and a concentration of contributions received near calendar year end.

NOTE 8 - LEASE COMMITMENTS

The Organization has a month-to-month lease for offices in Oakland, California, terminable with not less than forty-five days prior written notice, and the total lease payment for the fiscal year is \$48,660.

NOTE 9 - CONTINGENCIES

A Grant Awards

Grant awards require the fulfilment of certain conditions as set forth in the instrument of grant. Failure to fulfil the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

B Vacation Policy

The Organization offers unlimited paid time off to staff which is granted based on an internal approvals process. No accrual for paid time off is made as no reasonable estimate of the liability, if any, is available.

**SUSTAINABLE ECONOMIES LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during year ended December 31, 2022 are as follows:

	Beginning January 01, 2022	Addition	Release	Ending December 31, 2022
Purpose restricted	\$ 251,833	\$ 467,000	\$ 423,900	\$ 294,933
Fiscally sponsored projects	5,118,236	2,695,782	2,035,299	5,778,719
Time restricted	<u>396,250</u>	<u>150,000</u>	<u>426,250</u>	<u>120,000</u>
Total	<u>\$ 5,766,319</u>	<u>\$ 3,312,782</u>	<u>\$ 2,885,449</u>	<u>\$ 6,193,652</u>

NOTE 11 - CONDITIONAL PROMISES TO GIVE

In addition to the activity on the financials, the Organization received grants with future payments subject to certain condition, performance barriers or rights of revocation. It is the Organization's policy to defer revenue recognition of conditional amounts until such conditions have been satisfied. As of December 31, 2022, conditional grants outstanding consisted of the following:

Grant	Award	Recognized	Remaining
Grant I	\$ 1,250,000	\$ 250,000	\$ 1,000,000
Grant II	171,000	57,000	114,000
Grant III	100,000	50,000	50,000
Grant IV	50,000	10,000	40,000
Grant V	<u>500,000</u>	<u>250,000</u>	<u>250,000</u>
Total	<u>\$ 2,071,000</u>	<u>\$ 617,000</u>	<u>\$ 1,454,000</u>

The Organization expects to meet the conditions of the above grants during the periods through December 31, 2025.

NOTE 12 - DONATED SERVICES

Core to the Organization's program model is to engage with approximately 30-40 volunteers every year, many of which are licensed professionals. The Organization values the participation and contributions of these individuals, but has conscientiously chosen to deviate from GAAP and does not assign a fair value to such services for financial statement recognition purpose for the following reasons:

1. "Fair value" is founded on an unfair system: Under GAAP, "fair value" is determined with reference to the Organization believes the market is extremely unfair. The market gives leverage to those with accumulated wealth, thereby deepening white supremacy and the concentration of wealth in the United States. Market participants gain through the creation of scarcities, which deepen impoverishment. Both land and human labor have been commodified in the market, and the Organization believes that this fostered the deep exploitation of both people and planet.

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NOTE 12 - DONATED SERVICES - (CONT'D)

2. Commodification of labor dehumanizes economies: In its effort to embody an economy that exists beyond the market and commodification of labor, the Organization engages people in its activities in a myriad of ways and there is rarely a unidirectional flow of value and benefits to the Organization. People "volunteer" with the Organization in order to build community, have fun, learn and generate projects that is solely providing a service to the Organization. It is therefore practically impossible to measure and monetize "service" provided and doing so would have a chilling effect on the Organization's efforts to build an economy as an alternative to the dominant transactional economy are poorly suited to account for the rich complexity of a relational economy.

NOTE 13 - RELATED PARTY

During the fiscal year, the Organization availed itself of the legal services provided by DBA Hasmik Geghamyan Law Office. It is noteworthy that Hasmik Geghamyan, the operator of the Law Office, also serves as a member of the board of directors at the Organization.

Total amount for the legal services provided by DBA Hasmik Geghamyan Law Office to the Organization during the fiscal year amounted to \$9,964. The provision of services provided by DBA Hasmik Geghamyan Law Office to the Organization is considered a related party transaction due to the direct involvement of Hasmik Geghamyan, who is a member of the board of directors of the Organization.

NOTE 14 - SUBSEQUENT EVENTS

The Organization's management have evaluated all subsequent events through August 03, 2023, the date which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.