



MicroEnterprise Collaborative

INLAND SOUTHERN CALIFORNIA

(A Nonprofit Corporation)

**Independent Accountants' Review Report
and
Financial Statements**

For the Year Ended December 31, 2022



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01/18/2024

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Board of Directors
Microenterprise Collaborative of Inland Southern California
Fontana, CA

Independent Accountants' Review Report

We have reviewed the accompanying statements of financial position of the Microenterprise Collaborative of Inland Southern California, as of December 31, 2022, and the related Statement of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Microenterprise Collaborative of Inland Southern California, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Microenterprise Collaborative of Inland Southern California

Statement of Financial Position

December 31, 2022

Assets	2022
Current Assets	
Cash and cash equivalents	\$ 778,190
Total Assets	<u>\$ 778,190</u>
Liabilities and Net Assets	
Current Liabilities	\$ -
Total Liabilities	<u>-</u>
Net Assets	
Without donor restrictions	328,190
With donor restrictions	450,000
Total Net Assets	<u>778,190</u>
Total Liabilities and Net Assets	<u>\$ 778,190</u>

Microenterprise Collaborative of Inland Southern California

Statement of Activities

For the Year Ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Grants received	\$ 166,000	\$ 450,000	\$ 616,000
Interest income	40	-	40
Total Support and Revenues	<u>166,040</u>	<u>450,000</u>	<u>616,040</u>
Net Assets Released From Restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenues	<u>166,040</u>	<u>450,000</u>	<u>616,040</u>
Expenses			
Program services	129,152	-	129,152
Total Program Expenses	<u>129,152</u>	<u>-</u>	<u>129,152</u>
Support services			
Management and general	14,290	-	14,290
Fundraising	-	-	-
Total Support Services	<u>14,290</u>	<u>-</u>	<u>14,290</u>
Total Expenses	<u>143,442</u>	<u>-</u>	<u>143,442</u>
Change in Net Assets	<u>22,598</u>	<u>450,000</u>	<u>472,598</u>
Beginning Net Assets	<u>305,592</u>	<u>-</u>	<u>305,592</u>
Ending Net Assets	<u>\$ 328,190</u>	<u>\$ 450,000</u>	<u>\$ 778,190</u>

Microenterprise Collaborative of Inland Southern California

Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Expenses	Supporting Services		2022
	General Program	Management and General	Fundraising	Total
Wages and taxes	\$ 79,217	\$ 13,980	\$ -	\$ 93,197
Insurance	1,270	-	-	1,270
Other program services	44,514	-	-	44,514
Office supplies	1,642	290	-	1,932
Professional service	-	20	-	20
Bad Debt Expense	2,509	-	-	2,509
Total Expenses	\$ 129,152	\$ 14,290	\$ -	\$ 143,442

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Microenterprise Collaborative of Inland Southern CaliforniaStatement of Cash Flows
For the Year Ended December 31, 2022

	2022
NET CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 472,598
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:	
Non-cash items	
Depreciation	-
Increase (decrease) in:	
Accounts payable	(5,625)
CASH USED BY OPERATING ACTIVITIES	466,973
NET CASH FLOW FROM INVESTING ACTIVITIES	-
CASH PROVIDED BY INVESTING ACTIVITIES	-
NET CASH FLOW FROM FINANCING ACTIVITIES	-
CASH USED BY FINANCING ACTIVITIES	-
Net Increase (Decrease) in Cash	466,973
Beginning cash and cash equivalents	311,217
Ending Cash and Cash Equivalents	\$ 778,190

Note 01 – Nature of Organization

General

Microenterprise Collaborative of Inland Southern California (Organization) is a non-profit organization aimed at creating and growing sustainable small business and job development by supporting micro-business development agencies. The Organization partners with several other organizations to connect small businesses with the assistance they need.

Note 02 – Summary of Significant Accounting Policies

Accounting Basis

The accounting records are maintained on the accrual basis of accounting, whereby revenues are recorded when earned and expenditures are recorded when the liability is incurred in accordance with generally accepted accounting principles.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

Disclosure About Fair Value of Assets and Liabilities

Microenterprise Collaborative of Inland Southern California adopted the standard for Fair Value Measurements. The accounting principle for fair value measurements defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements.

The foundation defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standards three levels of inputs that may be used to measure fair value:

- Level 1: Observable prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Income Tax Status

The Organization is a not-for-profit corporation that is exempt from federal income taxes under *Internal Revenue Code Section 501(c)(3)*, and from California franchise taxes under related state tax regulations and classified by the Internal Revenue Service as “other than a private foundation”. The Organization may be subject to tax on income from any unrelated business operations. The Organization does not currently have any unrelated business operations.

In accordance with accounting standards, which provides accounting and disclosure guidance about uncertain tax positions taken by an Organization, management believes that all of the positions taken by the Organization in its federal and state income tax returns are more likely than not to be sustained upon examination. The Organization files returns in the U.S. Federal Jurisdiction and the State of California.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The following provides an explanation of net assets categories included in the accompanying financial statements:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue Sources

Revenues are received primarily through grants from various entities and foundations. Other revenues are from other sources such as donations.

Revenue Recognition

Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Functional Allocation of Expenses

The costs of the program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expense is allocated based upon a reasonable basis that is consistently applied using estimates of time and effort not a direct expense.

Note 03 – Liquidity and Availability

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

Cash and cash equivalents	\$ 778,190
Financial Assets Available for General Expenditures over the Next 12 Months	\$ 778,190

As part of the liquidity management, the Organization closely monitors and manages its financial resources to ensure that adequate funds are available to meet obligations. The goal is to maintain liquid financial assets sufficient to cover 90 days of regular operating expenses at all times.

Note 04 – Donor Restricted Net Assets

Donor restricted net assets consist of the following amounts:

	<u>12/31/2021</u>	<u>Contributions</u>	<u>Expenses</u>	<u>12/31/2022</u>
James Irvine Foundation	\$ -	\$ 450,000	\$ -	\$ 450,000

Note 05 – Subsequent Events

The Organization evaluated all potential subsequent events as of , when the financial statements were authorized and available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

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