SHARED ASCENT FUND

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Shared Ascent Fund
Sacramento, California

We have audited the accompanying financial statements of Shared Ascent Fund (the Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 the Organization as of December 31, 2021, 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 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 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

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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 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.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

May 13, 2022

SHARED ASCENT FUND

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 3,456,727
Accounts receivable	35,000
Contributions receivable, current	438,200
Prepaid expenses	27,127
Total current assets	3,957,054
CONTRIBUTIONS RECEIVABLE, Net	400,000
TOTAL ASSETS	$ 4,357,054
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts and other payables	$ 26,051
Accrued expenses	199,829
Contracts payable	167,047
Total current liabilities	392,927
NET ASSETS:	
Without donor restrictions	199,837
With donor restrictions	3,764,290
Total net assets	3,964,127
TOTAL LIABILITIES AND NET ASSETS	$ 4,357,054

SHARED ASCENT FUND

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

NET ASSETS WITH DONOR RESTRICTIONS:	
Contributions	$ 8,537,700
Investment loss	(5,880)
Net assets released from restrictions	(4,899,383)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	3,632,437
NET ASSETS WITHOUT DONOR RESTRICTIONS:	
REVENUES:	
Contributions	108,943
Contract revenue	35,000
Investment income	407
Net assets released from restrictions	4,899,383
Total revenues	5,043,733
EXPENSES:	
Program activities	4,747,100
Supporting services:	
General and administrative	118,773
Fundraising	29,046
Total expenses	4,894,919
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	148,814
INCREASE IN NET ASSETS	3,781,251
NET ASSETS, Beginning of year	182,876
NET ASSETS, End of year	$ 3,964,127

SHARED ASCENT FUND

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program activities	General and administrative	Fundraising	Total
Grants and contracts	$ 4,037,343			$ 4,037,343
Salaries and benefits	675,084	$ 73,541	$ 20,086	768,711
Facilities	25,034	20,225	4,149	49,408
Professional services	856	12,646	3,750	17,252
Business insurance	1,497	7,156		8,653
Office expenses and supplies	4,511	2,170	464	7,145
IT and website	731	3,035	597	4,363
Travel	2,044			2,044
Total	$ 4,747,100	$ 118,773	$ 29,046	$ 4,894,919

SHARED ASCENT FUND

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	$ 3,781,251
Reconciliation to net cash and cash equivalents used by operating activities	
Net realized loss on investments	5,880
Receipt of donated investments	(248,162)
Proceeds from sale of donated investments	242,282
Changes in:	
Accounts receivable	(35,000)
Contributions receivable	(838,200)
Prepaid expenses	(27,127)
Accounts and other payables	11,033
Accrued expenses	199,829
Contracts payable	165,195
Net cash and cash equivalents provided by operating activities	3,256,981
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,256,981
CASH AND CASH EQUIVALENTS, Beginning of year	199,746
CASH AND CASH EQUIVALENTS, End of year	$ 3,456,727

1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Shared Ascent Fund (Organization) commenced operations in 2019. The Organization is a 501(c)(3) nonprofit organization dedicated to promoting the common good by upholding democratic values, improving health, and advancing social equity.

Basis of presentation – The financial statements are presented in conformity with professional standards applicable to not-for-profit entities. The Organization reports information regarding its financial position and activities according to the following net asset classifications:

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 management.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires (generally, as expenses are incurred to fulfill the purposes of the contribution), 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. The Organization has no donor-imposed restrictions that are perpetual in nature.

Revenue recognition – Contributions, including grants and contracts obtained from private foundations, other nonprofit organizations, and individual donors, are recognized in full when received or unconditionally promised, in accordance with professional standards. 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. The Organization did not have any unrecognized conditional contributions at December 31, 2021. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose.

The Organization's revenue from contracts with customers consists of agreements entered into where each party receives commensurate value. Revenue is recognized as the Organization satisfies various performance obligations outlined in the agreements. Payment terms are outlined in the agreements and vary based on the objectives and structure of the contracts. For the year ended December 31, 2021, all revenue from contracts were recognized at the point in time in which the required performance obligations were met. Accounts receivable from contracts with customers was $35,000 as of December 31, 2021.

Cash and cash equivalents – For financial statement purposes, the Organization considers all investments with a maturity at purchase of three months or less to be cash equivalents.

Contributions receivable represent amounts of which the Organization has an unconditional right to receive. Contributions receivable are stated at the amounts management expects to collect from outstanding balances. Management believes that there are no significant uncollectible balances, accordingly, no allowance for doubtful accounts has been recorded.

Functional allocation of expenses – The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, facilities, IT and website, and office supplies and expenses. Salaries and benefits are allocated based on time and effort. All other expenses are allocated based on the proportion of the number of programs or supporting function employees benefitting from the expenses per month. The Organization accounts for its expenditures in the following categories:

> **Program activities** – Expenditures are related to grants made to other not-for-profit organizations, contracts entered into for services and contributions made to political campaigns within the scope of the Organization's areas of interest: upholding democratic values, protecting the environment, improving health, and advancing social equity.
>
> **General and administrative** – Expenditures are related to building and maintaining an efficient business infrastructure, including oversight, business and financial management, governance, general recordkeeping, budgeting, and all management and administration, except for that which is directly attributable to the conduct of program activities.
>
> **Fundraising** – Expenses are related to time spent on developing new programs, preparing proposals and soliciting contributions.

Grants awarded – The Organization recognizes grant expense at the time grant negotiations are substantially complete with the grantee and the grant award has been approved by management or the Board of Directors. Grants that have been determined to be conditional, which depend on the occurrence of specified uncertain events, are not recorded until the conditions have been met. There were no outstanding conditional grants at December 31, 2021.

Income taxes – The Organization, a publicly supported organization, is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Future accounting pronouncement – In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The new accounting standard requires lessees to recognize a lease liability measured on a discounted basis and a right-of-use asset for all leases with terms longer than 12 months. Application of this statement is effective for the year ending December 31, 2022. The Organization is currently evaluating the impact this pronouncement will have on the financial statements.

Subsequent events have been evaluated through May 13, 2022, the date the financial statements were available to be issued. See Note 5.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of December 31, 2021:

Cash and cash equivalents	$ 3,456,727
Contributions receivable	838,200
Accounts receivable	35,000
Total financial assets	4,329,927
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose or time restrictions	(3,764,290)
Total financial assets available to management for general expenditure within one year	$ 565,637

The Organization is substantially supported by restricted contributions. Because donors' restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. CONTRIBUTIONS RECEIVABLE

Contributions are due to be collected as follows at December 31, 2021:

Within one year	$ 438,200
In one to two years	400,000
Total	$ 838,000

4. NET ASSETS WITH DONOR RESTRICTIONS

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

Student Borrower Project	$ 2,093,877
Supporting American Democracy	1,553,954
Other Programs	116,459
Total	$ 3,764,290

5. LEASE COMMITMENTS

Effective February 10, 2022, the Organization assumed an operating lease for office space in Washington DC from Resources Legacy Fund. The lease is non-cancellable and expires October 31, 2022. Future minimum lease payments due in 2022 total $73,580.

6. CONCENTRATIONS

The Organization minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Organization's deposits held with financial institutions in excess of federal depository insurance limits was $2,960,831 as of December 31, 2021. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

The Organization had two major donors that accounted for 63% of total contribution revenue in 2021.

7. RETIREMENT PLAN

Effective January 1, 2021, the Organization adopted a 401(k) retirement plan. The plan operated with a special, one-time entry date for all sources as of November 5, 2021. Under the plan, employees may participate beginning on the first day of the month following employment. Employees are 100% vested in safe harbor contributions and vest in 50% increments per year, over two years, in all other employer contributions. For 2021, the Organization made safe harbor matching contributions of 100% of the first 5% of eligible compensation. The Organization also elected to make a 3% discretionary contribution of eligible compensation. Contributions made to the plan totaled $24,883 for 2021.

8. RELATED PARTIES

The president of the Organization during 2021 was also the president of Resources Legacy Fund (RLF). Additionally, the Organization, has entered into an agreement with RLF for shared resources of staff, office services, and technology resources.

The Organization was billed $154,009 by RLF for shared services in 2021. Of these amounts, due to RLF at December 31, 2021 was $22,184.