IRYNA
Accountancy Corporation

PROSPERA COMMUNITY DEVELOPMENT

(A CALIFORNIA NONPROFIT ORGANIZAITON)

PROSPERA

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2020

PROSPERA COMMUNITY DEVELOPMENT

TABLE OF CONTENTS

DECEMBER 31, 2020

IRYNA Accountancy Corporation
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
PROSPERA COMMUNITY DEVELOPMENT

We have audited the accompanying financial statements of Prospera Community Development (a California nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prospera Community Development as of December 31, 2020, 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.

Iryna Accountancy Corporation
Oakland, California
August 31, 2021

PROSPERA COMMUNITY DEVELOPMENT

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and cash equivalents	$ 824,358	$ 271,667	$ 1,096,025
Accounts and grants receivable	24,000	-	24,000
Prepaid expenses	4,329	-	4,329
TOTAL CURRENT ASSETS	852,687	271,667	1,124,354
Property and equipment, net	-	-	-
Deposits	2,400	-	2,400
TOTAL ASSETS	$ 855,087	$ 271,667	$ 1,126,754
LIABILITIES			
Accounts payable	2,941	-	2,941
Accrued compensation	26,404	-	26,404
Notes payable, PPP loan	69,228	-	69,228
Other current liabilities	2,751	-	2,751
TOTAL LIABILITIES	101,324	-	101,324
NET ASSETS			
Without donor restrictions	753,763	-	753,763
With donor restrictions	-	271,667	271,667
TOTAL NET ASSETS	753,763	271,667	1,025,430
TOTAL LIABILITIES AND NET ASSETS	$ 855,087	$ 271,667	$ 1,126,754

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

PROSPERA COMMUNITY DEVELOPMENT

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
SUPPORT			
Grants	$ 386,900	$ 512,800	$ 899,700
Contributions	137,016	-	137,016
In-kind	5,184	-	5,184
Revenue			
Service and fee revenue	41,800	-	41,800
Other revenue	1,353	-	1,353
Net assets released from restrictions	675,951	(675,951)	-
TOTAL SUPPORT AND REVENUE	1,248,204	(163,151)	1,085,053
EXPENSES			
Program services	516,831		516,831
Management and general	140,122	-	140,122
Fundraising	58,903	-	58,903
TOTAL EXPENSES	715,856	-	715,856
INCREASE (DECREASE) IN NET ASSETS	532,348	(163,151)	369,197
NET ASSETS AT BEGINNING OF YEAR	221,416	434,817	656,234
NET ASSETS AT END OF YEAR	$ 753,763	$ 271,667	$ 1,025,430

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

PROSPERA COMMUNITY DEVELOPMENT

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program	Management and general	Fundraising	Total
Salaries and wages	$ 235,887	$ 88,586	$ 43,630	$ 368,103
Payroll taxes	20,702	7,962	3,867	32,531
Employee benefits	24,635	9,484	4,617	38,736
Insurance	2,441	977	460	3,878
Professional service	88,104	17,541	1,561	107,206
Office expenses	2,305	1,213	437	3,955
Facility and equipment	24,607	5,366	1,370	31,343
Power of a Dream gifts	111,186	1,320	21	112,527
Travel and meetings	422	2,925	38	3,385
Dues and Fees	3,706	2,945	2,380	9,031
Meals	96	306	8	410
Rent	2,740	1,497	514	4,751
TOTAL EXPENSES	$ 516,831	$ 140,122	$ 58,903	$ 715,856

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

PROSPERA COMMUNITY DEVELOPMENT

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(decrease) in net assets	$	369,197
Adjustments to reconcile increase in net assets to net		-
cash provided (used) by operating activities:		-
Depreciation expense		-
(Increase) decrease in operating assets:		
Accounts and grants receivable		36,205
Prepaid expenses		1,660
Increase (decrease) in operating liabilities:		
Accounts payable		1,268
Accrued compensation		14,714
Other current liabilities		2,550
NET CASH (USED)/PROVIDED BY OPERATING ACTIVITIES		425,594
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from note payable, PPP loan		69,228
NET CASH (USED)/PROVIDED BY FINANCING ACTIVITIES		69,228
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		494,822
CASH AND CASH EQUIVALENTS, beginning of year		
With donor restrictions		434,817
Without donor restrictions		166,386
CASH AND CASH EQUIVALENTS, end of year		
With donor restrictions		271,667
Without donor restrictions		824,358
TOTAL CASH AND CASH EQUIVALENTS, ending of the year	$	1,096,025

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

NOTE 1 – SUMMARY OF ACTIVITIES

Prospera Community Development (the Organization), was founded July 20, 1994, as a non-profit organization under the name Women's Action to Gain Economic Security. Effective October 3, 2014, the Organization amended their name to Prospera Community Development, dba Prospera, whose mission is to primarily serve Latina entrepreneur women through culturally appropriate programming, technical assistance, and community education programs to connect them with resources and develop the skills and leadership they need to launch businesses that foster cooperation, economic resilience, and well-being in immigrant communities.

NOTE 2 – PROGRAM SERVICES

The Organization has one program with several activities that include:

Community Education Events
The Organization proudly carries on its legacy by facilitating educational workshops and economic empowerment events to over 150 aspiring Latina entrepreneurs per year, business development workshops, and Annual Summit for Entrepreneurs. These events provide opportunities for Latina immigrants to overcome isolation and access essential, high-quality resources in their language to advance their businesses.

Explora
The Organization offers 36-hour course on the fundamentals of cooperative business development, Explora tu Cooperativa. It is offered twice a year to Latina entrepreneurs and includes topics like effective communication, conflict transformation, basic financial management for business, power and privilege, legal considerations for cooperatives, basic business planning, and more.

Crece
The Organization designed a comprehensive business incubation program that creates a network of solidarity, connection, and exchange between worker-owners. Crece currently supports 21 members by providing individualized and intensive business trainings, leadership coaching, technical assistance with industry and legal experts, and access to investment capital through collaboration with community partners.

The Power of a Dream
The Organization's Incubation Fund ensures that Latina immigrant entrepreneurs have access to the capital and wraparound support they need to launch successful new businesses, using the cooperative model or incorporating the cooperative values and practices rooted in Latinx culture. The project impacts low-income Latina immigrant women and their families by providing investment capital and opportunities to create their own fulfilling work through cooperative business ownership.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Functional Allocation of Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the 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 benefited based on the management estimate. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which the Organization delivers its programs, rents are allocated based on staff hours devoted to each program or function. Expenses, other than salaries and related expense, which are not directly identifiable by program or support services, are allocated based on the best management's estimate.

Adoption of New Accounting Pronouncement

The Organization has implemented the following recent accounting pronouncements. The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which supersedes the existing transaction and industry-specific revenue recognition guidelines. The new guidance requires the recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Also, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*, to clarify whether revenue should be recognized at a point in time or over time, based on whether the license provides a right to use an entity's intellectual property or a right to access the entity's intellectual property.

Analysis of various provisions of the standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with these standards.

Net Assets

Financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve or board-designated endowment. There were no board-designated net assets as of December 31, 2020.

Net Assets With Donor Restrictions – Net assets subject to donor-(or certain grantor-) 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no donor-imposed restrictions perpetual in nature as of December 31, 2020.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Actual results could differ from those estimates.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income tax on income under Section 501(c)(3) of the Internal Revenue Code and from state franchise tax under California Revenue and Taxation Code Section 23701 (d). However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. There was no tax on unrelated business income for year ended December 31, 2020.
Effective October 1, 2009, the Organization adopted Accounting for Uncertainty in Income Tax guidance *FASB ASC 740* – Accounting for Uncertainty in Income Taxes. Accordingly, the Organization recognizes the effect of income tax positions only when those positions are more likely than not of being sustained.

Property, Equipment and Depreciation

All acquisitions of property and equipment in excess of $5,000 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives of three to seven years.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash accounts with a maturity of three months or less to be cash equivalents.

Contributions and Contributions Receivable

Contributions are recognized as revenue when received or unconditionally promised. Contributions received are recorded as without donor restrictions or with donor restriction support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with time and purpose restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional pledges are recognized as receivables and revenue when the conditions on which they depend are substantially met. Contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization uses the allowance method to determine uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions In-kind

Donated equipment and other donated goods are recorded at their estimated fair market value on the day of donation. Donated services are recognized as contributions if the services create or enhance a financial asset or require specialized skills which the donor has and would otherwise be purchased by the Organization.

Revenue Recognition

The Organization recognizes revenue on the accrual basis of accounting. Service income is recognized as revenue in the period in which the service is provided. Grants are recognized as revenue in the period in which they are awarded in writing, if not conditional. The Organization's primary revenue sources are contracts, grants, donations, and service income.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Organization in establishing the fair value of its financial statements: the carrying amounts of cash, grants and accounts receivables, prepaid expenses, deposits and accounts payable, accrued expenses, and other current liabilities approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables and payables approximate fair value as these receivables and payables earn or are charged interest based on the prevailing rates.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Fair value is defined 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. In determining fair value, the Organization uses a fair value hierarchy which is categorized into three levels as follows:

Level 1 – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that The Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in active markets, valuation of these balances does not entail a significant degree of judgment.
Level 2 – Valuations are based on quoted prices for similar assets or liabilities in active markets from those willing to trade that are not active or for which other inputs can be corroborated by market data.
Level 3 – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement and represent The Organization's best estimate of what hypothetical market participants would use to determine a transaction price for an asset or liability.

Currently, the Organization does not have any assets measured at fair value.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects The Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	$	1,096,025
Accounts and grants receivable		24,000
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		271,667
Financial assets available for general expenditure within one year	$	848,358

$848,358 of financial assets are available to cover the Organization's liquidity needs. The Organization has a goal to maintain sufficient financial assets on hands, which consists of cash and receivables, to meet the total of projected management and fundraising expenses, which are expected to be consistent next year, thus approximately $199,025. Based on the projected estimate, the Organization has sufficient liquid assets to cover its current liabilities.

NOTE 5 – LONG-TERM DEBT – PAYROLL PROTECTION PROGRAM

The Paycheck Protection Program (PPP) Flexibility Act (the Flexibility Act) was signed into law on June 5, 2020, which extended the deferral payment period from six months after the loan disbursement date until the date on which the loan can be forgiven. A borrower could apply for the loan forgiveness if a borrower meets the criteria under which the loan can be forgiven. Once the loan is forgiven, a borrower recognizes the loan as revenue.

NOTE 5 – LONG-TERM DEBT – PAYROLL PROTECTION PROGRAM (continued)

On May 5, 2020, the Organization obtained the loan under PPP, which is designed to provide a direct incentive for small businesses to keep their workers on payroll during COVID-19 pandemic. The loan was provided by Beneficial State Bank. As of December 31, 2020, the balance of the loan, that included accrued interest of $441, was $69,228. The note carries a 1% interest rate and matures May 5, 2022.

The Organization's PPP loan was fully forgiven on May 19, 2021.

NOTE 6 – CONTRIBUTIONS IN-KIND

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

During the years ended December 31, 2020, the Organization received donated services from unpaid volunteers who provided board and support services that do not satisfy the criteria for recognition under *FASB ASC 958-605-25-16*.

The management estimated that about 220 hours were provided from 14 volunteers.

Donated goods for the year ending on December 31, 2020 that are recorded in the statement of activities are as follows:

Office Mac	$	1,944
Office Standard	$	3,240
Total	$	5,184

NOTE 7 – PROPERTY AND EQUIPMENT

Property, equipment, related accumulated depreciation, and depreciation expense is as follows:

Furniture and equipment	$	18,209
Accumulated depreciation		(18,209)
Net book value	$	-

There is no depreciation expense for the year ended December 31, 2020, because property and equipment is fully depreciated.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

For the year ended December 31, 2020 the Organization's net assets with donor restriction are as follows:

Funder (Purpose)	01/01/20	Additions	Releases	12/31/20
East Bay Community Foundation (Time)	$ 26,000	$ -	$ 16,000	$ 10,000
Akonadi Foundation (Time)	18,750	-	18,750	-
Y&H Soda Foundation (Time)	25,000	-	25,000	-
The San Francisco Foundation (Time)	15,000	10,000	25,000	-
Latino Community Foundation (Program)	27,867	115,300	68,167	75,000
Cooperative Development Foundation (Program)	2,650	-	2,650	-
CCHD (Community and religion)	30,000	37,500	67,500	-
W.K Kellogg Foundation (Technical assistance)	139,551	-	139,551	-
Impact Assets - Chrysalis fund (Program)	150,000	-	150,000	-
MUFG (Program)	-	5,000	5,000	-
Rapidan Found (Podcast)	-	10,000	-	10,000
Cal Wellness (Time)	-	250,000	83,333	166,667
Cooperative Education Fund (Design curriculum)	-	10,000	-	10,000
Community Initiatives (Fellowship)	-	75,000	75,000	-
Total	$ 434,817	$ 512,800	$ 675,951	$ 271,667

NOTE 9 – CONCENTRATION OF CREDIT RISK

FASB ASC 825 requires disclosure of significant concentrations of credit risk arising from all financial instruments. Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash and accounts receivable. The Organization places its cash in banks that are insured in limited amounts by the U.S. Government. Due to operational requirements, the Organization’s checking and other deposit accounts may be maintained with a balance in excess of the $250,000 federally insured limit. As of December 31, 2020, the uninsured amount was $874,261.

NOTE 10 – OPERATING LEASE

The Organization leases storage space for the period May 1, 2020, through May 1, 2021, for $170 per months in Oakland, CA. Under this operating lease, the Organization is obligated to pay $680 for four months for the year ended December 31, 2021.

NOTE 11 – SUBSEQUENT EVENTS

Management of the Organization has reviewed the results of operations for the period of time from its year end, December 31, 2020 through August 31, 2021, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

In the US the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. While the extent and duration of the economic fallout from the COVID-19 pandemic remains unclear, the Organization's future performance might be affected by the pandemic.

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