

Audited Financial Statements



**SOCIAL AND
ENVIRONMENTAL
ENTREPRENEURS**

December 31, 2020

Quigley & Miron

Social & Environmental Entrepreneurs
Audited Financial Statements
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December 31, 2020

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Independent Auditor's Report

Board of Directors
Social & Environmental Entrepreneurs
Calabasas, California

We have audited the accompanying financial statements of Social & Environmental Entrepreneurs (SEE), a nonprofit organization, 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 of material misstatement.

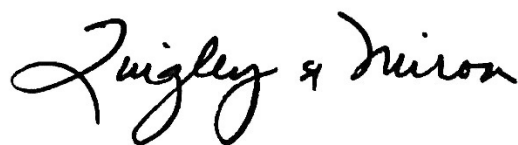
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

Board of Directors
Social & Environmental Entrepreneurs
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Social & Environmental Entrepreneurs as of December 31, 2020 and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Quigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
October 6, 2021

Social & Environmental Entrepreneurs
Statement of Financial Position
December 31, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 19,690,343
PPP advance—restricted cash	1,201,889
Grants and contributions receivable—Note 3	7,196,740
Investments—Note 4	5,365,768
Other current assets	238,612

Total Current Assets 33,693,352

Grants and contributions receivable—Note 3	1,110,479
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Total Assets \$ 34,803,831

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 751,477
PPP advance—Note 5	1,201,889

Total Liabilities 1,953,366

Commitments and Contingencies—Note 6

Net Assets

Without donor restrictions	1,765,205
With donor restrictions—Note 7	31,085,260

Total Net Assets 32,850,465

Total Liabilities and Net Assets \$ 34,803,831

See notes to financial statements.

Social & Environmental Entrepreneurs
Statement of Activities
Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Support			
Contributions	\$ 156,851	\$ 36,685,176	\$ 36,842,027
Interest income	24,018		24,018
Total Support	180,869	36,685,176	36,866,045
Net assets released from restrictions	20,636,000	(20,636,000)	
Total Support and Net Assets Released from Restrictions	20,816,869	16,049,176	36,866,045
Expenses			
Fiscal sponsorship services	19,139,748		19,139,748
Management and general	1,331,580		1,331,580
Total Expenses	20,471,328		20,471,328
Change in Net Assets From Operations	345,541	16,049,176	16,394,717
Nonoperating Activities			
Investment return, net—Note 4	126,541		126,541
Total Nonoperating Activities	126,541		126,541
Change in Net Assets	472,082	16,049,176	16,521,258
Net Assets at Beginning of Year	1,293,123	15,036,084	16,329,207
Net Assets at End of Year	\$ 1,765,205	\$ 31,085,260	\$ 32,850,465

See notes to financial statements.

Social & Environmental Entrepreneurs
Statement of Functional Expenses
Year Ended December 31, 2020

	Fiscal Sponsorship Services	Management and General	Total
Expenses			
Salaries and wages	\$ 7,810,174	\$ 874,281	\$ 8,684,455
Payroll taxes	658,866	69,682	728,548
Workers' compensation insurance and other employee benefits	613,751	74,334	688,085
Total Personnel	9,082,791	1,018,297	10,101,088
Advertising and promotion	234,652		234,652
Contractor and professional fees	5,687,614	95,558	5,783,172
Equipment purchases, rental, and maintenance	245,182	13,347	258,529
Grants made:			
To project-based collaborative organizations	1,209,687		1,209,687
Insurance	59,036	9,777	68,813
Occupancy	522,536	60,917	583,453
Office expenses	459,989	60,917	520,906
Postage and shipping	34,120	3,932	38,052
Printing and publications	42,541	5,201	47,742
Supplies and miscellaneous	597,684	44,538	642,222
Telephone	210,355	11,361	221,716
Travel, conferences, and meetings	753,561	7,735	761,296
Total Non-Personnel	10,056,957	313,283	10,370,240
Total Expenses	\$ 19,139,748	\$ 1,331,580	\$ 20,471,328

See notes to financial statements.

Social & Environmental Entrepreneurs
Statement of Cash Flows
Year Ended December 31, 2020

Cash Flows from Operating Activities

Change in net assets	\$ 16,521,258
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Gain on investments	(135,355)
Changes in operating assets and liabilities:	
Grants and contributions receivable	(4,172,334)
Other current assets	(122,437)
Accounts payable and accrued expenses	209,228
PPP advance	1,201,889
Net Cash Provided by Operating Activities	13,502,249

Cash Flows from Investing Activities

Purchases of investments	(5,045,879)
Proceeds from sales of investments	671,611
Net Cash Used in Investing Activities	(4,374,268)

Net Increase in Cash, Cash Equivalents, and Restricted Cash **9,127,981**

Cash, Cash Equivalents, and Restricted Cash at Beginning of Year **11,764,251**

Cash, Cash Equivalents, and Restricted Cash at End of Year **\$ 20,892,232**

Supplementary Disclosures

Cash paid during the year for:	
Income taxes	\$ -
Interest	\$ -

See notes to financial statements.

Social & Environmental Entrepreneurs
Notes to Financial Statements
Year Ended December 31, 2020

Note 1—Organization and Summary of Significant Accounting Policies

Organization—Social & Environmental Entrepreneurs (Auditor) (SEE) was initiated in 1994 as a nonprofit administrative structure for grassroots projects. In addition to providing necessary administrative services, this structure is a model of activist empowerment and mutual support. Through the years, SEE has grown to encompass over 200 projects, from one-person, start-up volunteer efforts to full-scale, long-term operations.

SEE's projects are funded primarily by grants from foundations, corporations, and government agencies, contributions from individuals, and earnings on investments. The management and general operations of SEE are funded primarily by administrative fees charged on project revenues.

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. SEE's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of SEE and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of SEE. These net assets may be used at the discretion of SEE'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; such restrictions that may or will be met either by actions of SEE and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit SEE to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Since the contributions relate to the various projects of SEE, essentially all contributions are net assets with donor restrictions. When a donor restriction expires, as the monies are spent, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as released from restrictions. Net assets with donor restrictions at December 31, 2020 consisted of amounts restricted to funding specific expenses in future periods.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of activities attributable to SEE's ongoing fiscal sponsorship services and interest and dividends earned investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more usual or nonrecurring nature.

Social & Environmental Entrepreneurs
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Income Taxes—SEE is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, SEE has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘more likely than not’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2020. Generally, SEE’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash, Cash Equivalents, and Restricted Cash—SEE considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash consists of balances in checking and savings accounts at banks. Restricted cash consists of the PPP advance (see Note 5).

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statement of financial position to the sum total of cash, cash equivalents, and restricted cash reported in the statement of cash flows at December 31, 2020:

Cash Accounts Reported in Statement of Financial Position	
Cash and cash equivalents	\$ 19,690,343
SBA PPP advance—restricted cash	1,201,889
	<hr/>
Total Cash, Cash Equivalents, and Restricted Cash	
Reported in Statement of Cash Flows	<u><u>\$ 20,892,232</u></u>

Grants and Contributions Receivable—Grants and contributions receivable that are expected to be collected within one year are recorded at net realizable value upon receipt of the award. Grants and contributions receivable that are expected to be collected in future years are recorded at fair value at the time of the award. SEE measures fair value of contributions receivable in more than one year as the present value of expected future cash flows. Amortization of the associated discount is included in contributions revenue. Management provides for probably uncollectible amounts based on its assessment of recent collection history and current donor relationships.

Conditional contributions are not included as support until the conditions on which they depend are substantially met.

Investments—Investments are valued at fair market value. Investment income, gains, and losses are reported as unrestricted income unless use of the earnings is restricted by the donor.

Social & Environmental Entrepreneurs
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Property and Equipment—Property, furniture, and equipment are stated at cost. Acquisitions in excess of \$3,000 are capitalized. Property, furniture, and equipment are depreciated on the straight-line method using useful lives ranging from five to 31.5 years. At December 31, 2020, SEE had no capitalized property and equipment.

Contributions—Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Concentration of Credit Risk—Financial instruments which potentially subject SEE to concentrations of credit risk consist of cash and cash equivalents, and grants and contributions receivable. SEE places its cash and cash equivalents with two high quality financial institutions, where accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, such cash and cash equivalent balances are in excess of the FDIC/SIPC insurance limits. At December 31, 2020, cash balances exceeded the FDIC insurance limits by approximately \$19,434,000. Management regularly reviews the financial stability of its cash and money market fund depositories and deems the risk of loss due to these concentrations to be minimal.

Grants and contributions receivable consist of balances from foundations, businesses, and individuals. Collection losses related to contributions receivable have historically been immaterial and management has concluded that, based on its review of balances outstanding, a valuation allowance from selected receivable balances is not necessary.

Revenue Recognition—Revenues from grants and contributions are reported as increases in net assets without donor restrictions as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as contributions receivable. Amounts received in excess of amounts expended are recorded as net assets with donor restrictions.

Donated Services—A substantial number of volunteers have donated a significant number of hours devoted to SEE's program services, management and general, and fundraising activities. However, these donated services are not reflected in the accompanying financial statements as they do not meet the criteria for recognition under current accounting standards.

Functional Expenses—The financial statements report all categories of expenses directly either to a fiscally sponsored project as part of the program services function or to SEE operations as part of the management and general supporting services function.

Social & Environmental Entrepreneurs
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Recently Adopted Accounting Principle—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities are required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one line item. SEE has adopted ASU No. 2016-18 on a retrospective basis for the year ended December 31, 2020, and has adjusted the presentation of the financial statements accordingly.

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

Note 2—Availability and Liquidity

The following represents the availability and liquidity of SEE's financial assets at December 31, 2020 to cover operating expenses for the next fiscal year:

Financial assets	
Cash and cash equivalents	\$ 19,690,343
Grants and contributions receivable	8,307,219
Investments	5,365,768
	<hr/>
Total Financial Assets	33,363,330
Less amounts not available to be used within one year:	
Net assets with donor restrictions	
Restricted due to purpose	
Animal welfare projects	(491,981)
Civic engagement projects	(51,824)
Community development projects	(6,438,753)
Donor-advised funds	(38,417)
Environmental sustainability projects	(3,755,916)
Health and food projects	(2,593,508)
Human rights projects	(12,359,903)
Youth development projects	(5,354,958)
	<hr/>
Total Amounts Not Available to be Used Within One Year	(31,085,260)
	<hr/>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 2,278,070

Social & Environmental Entrepreneurs
Notes to Financial Statements—Continued

Note 2—Availability and Liquidity—Continued

SEE's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$300,000). SEE operates within a prudent range of financial soundness and stability to support the ongoing fulfillment of its mission.

Note 3—Grants and Contributions Receivable

Future expected receipts of grants and contributions receivable at December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 7,196,740
2022	930,479
2023	90,000
2024	90,000
	<u>90,000</u>
Total	<u>\$ 8,307,219</u>

There was no allowance for doubtful accounts at December 31, 2020. The present value discount at December 31, 2020, was considered to not be material by management and, thus, not recorded.

Grants and contributions receivable at December 31, 2020 by both funder and net asset categories consist of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Foundations and other nonprofit organizations	\$	\$ 7,865,218	\$ 7,865,218
Businesses, individuals, and government agencies		442,001	442,001
Totals	<u>\$</u>	<u>\$ 8,307,219</u>	<u>\$ 8,307,219</u>

For detail on the composition of net assets with donor restrictions, see Note 7.

Note 4—Investments and Fair Value Measurements

In determining the fair value of investments, SEE, in accordance with ASU No. 2015-07, utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. SEE determines fair value based on assumption that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Organization at the measurement date.

Social & Environmental Entrepreneurs
Notes to Financial Statements—Continued

Note 4—Investments and Fair Value Measurements—Continued

Level 2—Valuations based on observable inputs (other than Level 1) such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgment. SEE had no Level 3 assets or liabilities at December 31, 2020.

SEE may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by SEE to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. At December 31, 2020, SEE had no investments for which fair value was estimated at NAV.

Fair values of assets and liabilities on a recurring basis at December 31, 2020 consist of investments which are classified as level 1, detailed as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Mutual funds			
Bond funds	\$ 4,611,085	\$ 4,611,085	\$
Equity funds	754,683	754,683	
Totals	<u>\$ 5,365,768</u>	<u>\$ 5,365,768</u>	<u>\$</u>

Investment activity for the year ended December 31, 2020 is summarized as follows:

Investment gains	\$ 135,355
Investment management fees	<u>(8,814)</u>
Investment Return, Net	126,541
Interest income	<u>24,018</u>
Total Return on Investment	<u>\$ 150,559</u>

Note 5—PPP Advance

On April 27, 2020, SEE received \$1,201,889 in Paycheck Protection Program (PPP) advance from the U.S. Small Business Administration (SBA). The advance is designed to provide a direct incentive for small businesses struggling from the impact of the COVID-19 pandemic (see Note 9) to keep their workers on the payroll. SEE has elected to record the PPP grant revenue only upon receipt of the forgiveness letter from the SBA. SEE received forgiveness of the SBA PPP advance on February 24, 2021.

Social & Environmental Entrepreneurs
Notes to Financial Statements—Continued

Note 6—Commitments and Contingencies—Continued

SEE leases office facilities in Calabasas, California under two separate non-cancellable rental agreements which expire on September 30, 2021 and August 31, 2022.

The future minimum annual rental commitments by year for these leases are as follows:

<u>Year Ending December 31,</u>		
2021		\$ 46,163
2022		22,709
	Total	<u>\$ 68,872</u>

Office facilities rental expense for the year ended December 31, 2020 was approximately \$54,000.

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting a grant and its terms, the Board is acknowledging the requirements of the grantor at the time of receipt of the grant.

Note 7—Net Assets with Donor Restrictions

Net assets with donor restrictions for the year ended December 31, 2020 are as follows:

Subject to expenditure for specified purpose:

Fiscal sponsorship services	
Animal welfare projects	\$ 471,873
Civic engagement projects	1,724
Community development projects	2,534,045
Donor-advised funds	35,870
Environmental sustainability projects	3,255,374
Health and food projects	2,293,959
Human rights projects	10,091,842
Youth development projects	4,093,354

Promises to give, the proceeds from which have been restricted by donors for:

Fiscal sponsorship services	
Animal welfare projects	20,108
Civic engagement projects	50,100
Community development projects	3,904,708
Donor-advised funds	2,547
Environmental sustainability projects	500,542
Health and food projects	299,549
Human rights projects	2,268,061
Youth development projects	1,261,604

Total Net Assets With Donor Restrictions **\$ 31,085,260**

Social & Environmental Entrepreneurs
Notes to Financial Statements—Continued

Note 7—Net Assets with Donor Restrictions—Continued

Net assets released from donor restrictions for the year ended December 31, 2020 are as follows:

Satisfaction of purpose restrictions:	
Fiscal sponsorship services	
Animal welfare projects	\$ 881,717
Civic engagement projects	
Community development projects	2,188,786
Donor-advised funds	8,220
Environmental sustainability projects	1,978,265
Health and food projects	1,327,442
Human rights projects	9,748,307
Youth development projects	4,503,263
Total Net Assets Released from Donor Restrictions	\$ 20,636,000

SEE administers two “donor-advised funds.” A donor-advised fund is a separately-identified fund established by a donor or group of donors with an instrument of gift describing the general or specific purposes of the funds; is owned and controlled by a sponsoring organization (SEE); and allows a donor, or person designated by the donor, advisory privileges with respect to the distribution of the charitable funds.

Note 8—Recent Accounting Pronouncements

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. SEE is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity’s policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after

Social & Environmental Entrepreneurs
Notes to Financial Statements—Continued

Note 8—Recent Accounting Pronouncements—Continued

June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. SEE is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

Note 9—Risks and Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Since then, business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. SEE is continuing to conduct its activities, primarily on a remote basis, and to monitor the ongoing impact of the pandemic response on its overall operations. At the time of this reporting, the cumulative financial impact of the pandemic on SEE cannot be fully determined, therefore no related adjustment has been made to these financial statements.

Note 10—Subsequent Events

As noted in Note 5, SEE received forgiveness of the \$1,201,889 SBA advance on February 24, 2021.

California law AB5, which impacts the classification of contractors versus employees, went into effect January 1, 2020 and subsequently subjected individuals who received both a 1099 and W2 in fiscal year 2019 to an IRS audit. In April 2021, SEE received notification of this audit; the audit is still in progress as of October 6, 2021. However, management believes there will not be a material impact on the financial statements as a result of the audit.

In 2021, at the recommendation of their new Director of Finance, SEE reassessed its concentration of credit risk and decided to limit its risk moving forward. SEE opened new accounts in two high quality, socially-responsible institutions: \$26 million in a fully insured CDARS and \$250,000 in a fully insured CD. SEE is continuing to monitor their credit risk and look for different investment options to limit the amount of funds not FDIC-insured.

Management evaluated all activities of SEE through October 6, 2021, which is the date the financial statements were available to be issued, and concluded that no material subsequent events, other than those discussed above, have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.