

Audited Financial Statements



**SOCIAL AND
ENVIRONMENTAL
ENTREPRENEURS**

December 31, 2022

Quigley & Miron

Social & Environmental Entrepreneurs, Inc.
Audited Financial Statements
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Independent Auditor's Report

Board of Directors
Social & Environmental Entrepreneurs, Inc.
Calabasas, California

Opinion

We have audited the accompanying financial statements of Social & Environmental Entrepreneurs, Inc. (SEE), a Delaware 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, the financial statements referred to above present fairly, in all material respects, the financial position of SEE as of December 31, 2022, 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.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 SEE 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 SEE's ability to continue as a going concern for one year after the date that the financial statements are issued.

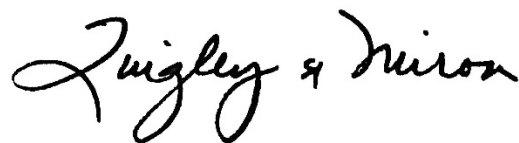
Auditor's Responsibilities for the Audit of the Financial Statements

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 GAAS 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 GAAS, 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 SEE'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 SEE'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.



Los Angeles, California
October 16, 2023

Social & Environmental Entrepreneurs, Inc.
Statement of Financial Position
December 31, 2022

Assets

Current Assets

Cash and cash equivalents	\$ 60,512,589
Grants and contributions receivable—Note 3	8,147,134
Investments—Note 4	4,959,501
Prepaid expenses	474,581
Other current assets	5,000

Total Current Assets 74,098,805

Non-Current Assets

Grants and contributions receivable—Note 3	1,795,000
Operating lease right-of-use asset—Note 5	86,496

Total Non-Current Assets 1,881,496

Total Assets 75,980,301

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 1,636,100
Accrued expenses	1,277,998
Operating lease liability—Note 5	16,292

Total Current Liabilities 2,930,390

Non-Current Assets

Operating lease liability—Note 5	70,555
----------------------------------	--------

Total Non-Current Liabilities 70,555

Total Liabilities 3,000,945

Net Assets

Without donor restrictions	5,512,834
With donor restrictions—Note 6	67,466,522

Total Net Assets 72,979,356

Total Liabilities and Net Assets \$ 75,980,301

See notes to financial statements.

Social & Environmental Entrepreneurs, Inc.
Statement of Activities
Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Support			
Contributions	\$ 24,413	\$ 61,256,014	\$ 61,280,427
Interest income	461,234		461,234
Total Support	485,647	61,256,014	61,741,661
Net assets released from restrictions	60,708,291	(60,708,291)	
Total Support and Net Assets Released from Restrictions	61,193,938	547,723	61,741,661
Expenses			
Fiscal sponsorship services	53,840,668		53,840,668
Management and general	2,719,955		2,719,955
Fundraising	2,833,718		2,833,718
Total Expenses	59,394,341		59,394,341
Change in Net Assets From Operations	1,799,597	547,723	2,347,320
Nonoperating Activities			
Investment return, net—Note 4	(165,801)		(165,801)
Total Nonoperating Activities	(165,801)		(165,801)
Change in Net Assets	1,633,796	547,723	2,181,519
Net Assets at Beginning of Year	3,879,038	66,918,799	70,797,837
Net Assets at End of Year	\$ 5,512,834	\$ 67,466,522	\$ 72,979,356

See notes to financial statements.

Social & Environmental Entrepreneurs, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	Fiscal			
	Sponsorship	Management	Fundraising	Total
Expenses	Services	and General		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Salaries and wages	\$ 18,603,608	\$ 1,997,922	\$ 979,137	\$ 21,580,667
Payroll taxes	2,359,556	142,249	97,914	2,599,719
Workers' compensation and other employee benefits	1,379,758	197,520		1,577,278
Total Personnel	22,342,922	2,337,691	1,077,051	25,757,664
Advertising and promotion	144,288		61,838	206,126
Community relations	13,451,364		707,967	14,159,331
Contractor and professional fees	8,243,176	99,284	433,851	8,776,311
Equipment purchases, rental, and maintenance	339,656	8,724		348,380
Grants made:				
To project-based collaborative organizations	2,552,385			2,552,385
Insurance	116,672	56,813		173,485
Occupancy	560,948	56,457		617,405
Office expenses	1,317,640	91,458	13,310	1,422,408
Postage and shipping	74,671	3,883	8,297	86,851
Printing and publications	126,809	3,092	11,027	140,928
Supplies and miscellaneous	1,764,280	18,494	92,857	1,875,631
Telephone	352,676	20,527	18,562	391,765
Travel, conferences, and meetings	2,453,181	23,532	408,958	2,885,671
Total Non-Personnel	31,497,746	382,264	1,756,667	33,636,677
Total Expenses	\$ 53,840,668	\$ 2,719,955	\$ 2,833,718	\$ 59,394,341

See notes to financial statements.

Social & Environmental Entrepreneurs, Inc.
Statement of Cash Flows
Year Ended December 31, 2022

Cash Flows from Operating Activities

Change in net assets	\$ 2,181,519
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Loss on investments	159,820
Non-cash lease expenses	(86,496)
Changes in operating assets and liabilities:	
Grants and contributions receivable	5,420,019
Prepaid expenses	(465,259)
Accounts payable	184,331
Accrued expenses	1,270,258
Operating lease liability	86,847

Net Cash Provided by Operating Activities 8,751,039

Cash Flows from Investing Activities

Purchases of investments	(2,237,826)
Proceeds from sales of investments	493,650

Net Cash Used in Investing Activities (1,744,176)

Increase in Cash and Cash Equivalents 7,006,863

Cash and Cash Equivalents at Beginning of Year 53,505,726

Cash and Cash Equivalents at End of Year \$ 60,512,589

Supplementary Disclosures

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

See notes to financial statements.

Social & Environmental Entrepreneurs, Inc.
Notes to Financial Statements
Year Ended December 31, 2022

Note 1—Organization and Summary of Significant Accounting Policies

Organization—Social & Environmental Entrepreneurs, Inc. (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, 2022 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, Inc.
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, 2022. 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 and Cash Equivalents—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.

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. Gains and losses on investments are recognized as changes in their fair market values occur in the period reported and are reported on the statement of activities under the investment return, net caption.

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, 2022, SEE had no capitalized property and equipment.

Social & Environmental Entrepreneurs, Inc.
Notes to Financial Statements—Continued

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

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, investments in securities, and receivables.

SEE places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Such cash balances may exceed FDIC insurance limits during the normal course of business. Cash held in investment accounts at securities brokerage firms is insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. At times, such balances are in excess of the SIPC coverage limits

SEE's board, in consultation with professional investment advisors, determines the composition of the investment portfolio in accordance with a board-approved investment policy. SEE's management has assessed the credit risk associated with its cash deposits and investments held at December 31, 2022 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments, however, due to the current risk and uncertainties affecting financial institutions (see Note 8), the related impact cannot be reasonably estimated at this time.

Contributions receivable consist of balances from individuals, foundations and corporations. SEE has determined that no allowance for potential losses due to uncollectible receivables was necessary at December 31, 2022.

Recently Adopted Accounting Principles

Leases—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). This amendment is applicable to leases with terms exceeding 12 months and requires lessees to recognize the assets and related liabilities that arise from leases in the statement of financial position. Additionally, in July 2018, FASB issued ASU 2018-11 *Leases (Topic 842)—Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative effect adjustment to the opening balance of net assets without donor restrictions in the period of adoption. SEE has adopted ASU No. 2016-02 on a prospective basis as of January 01, 2022, and has adjusted the presentation of the financial statements accordingly.

Social & Environmental Entrepreneurs, Inc.
Notes to Financial Statements—Continued

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

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. Additional disclosures are required 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. SEE has adopted ASU No. 2020-07 for the year ended December 31, 2022 on a retrospective basis, which resulted in no change to revenue previously reported and no effect on revenue reported for the year ended December 31, 2022.

Interest Income—Interest income is recognized when received and is reported under support in the statement of activities.

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—SEE records the value of donated materials and services at their fair value at the date of donation. In-kind services are recorded only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. 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.

Advertising Expense—Advertising costs are expensed as incurred and amounted to \$206,126 for the year ended December 31, 2022.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Equipment purchases, rental, and maintenance and occupancy are allocated on the basis of square footage. Salaries and wages, workers’ compensation insurance and other employee benefits, payroll taxes, contractor and professional fees, insurance, office expense, postage and shipping, print and publications, supplies and miscellaneous, telephone, and travel, conferences, and meetings are allocated on the basis of estimates of time and effort. All other functional expenses are charged directly to fiscally sponsored project.

Social & Environmental Entrepreneurs, Inc.
Notes to Financial Statements—Continued

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

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, 2022 to cover operating expenses for the next fiscal year:

Financial assets	
Cash and cash equivalents	\$ 60,512,589
Grants and contributions receivable	8,147,134
Investments	4,959,501
	<hr/>
Total Financial Assets	73,619,224
Less amounts not available to be used within one year:	
Net assets with donor restrictions	
Restricted due to purpose	
Animal welfare projects	(917,224)
Civic engagement projects	(1,816,806)
Community development projects	(8,853,317)
Donor-advised funds	(130,135)
Environmental sustainability projects	(13,685,131)
Health and food projects	(4,105,329)
Human rights projects	(30,121,307)
Youth development projects	(7,837,273)
	<hr/>
Total Amounts Not Available to be Used Within One Year	(67,466,522)
	<hr/>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 6,152,702

SEE's goal is generally to maintain financial assets to meet 90 days of operating expenses. SEE operates within a prudent range of financial soundness and stability to support the ongoing fulfillment of its mission.

Social & Environmental Entrepreneurs, Inc.
Notes to Financial Statements—Continued

Note 3—Grants and Contributions Receivable

Future expected receipts of grants and contributions receivable at December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 8,147,134
2024	1,465,000
2025	<u>330,000</u>
Total	<u>\$ 9,942,134</u>

There was no allowance for doubtful accounts at December 31, 2022. The present value discount at December 31, 2022, was considered to not be material by management and, thus, not recorded. Grants and contributions receivable at December 31, 2022 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	\$	\$ 9,703,134	\$ 9,703,134
Businesses, individuals, and government agencies		239,000	239,000
Totals	<u>\$</u>	<u>\$ 9,942,134</u>	<u>\$ 9,942,134</u>

For detail on the composition of net assets with donor restrictions, see Note 6.

Note 4—Investments and Fair Value Measurements

In determining the fair value of investments, SEE 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.

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.

Social & Environmental Entrepreneurs, Inc.
Notes to Financial Statements—Continued

Note 4—Investments and Fair Value Measurements—Continued

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, 2022, 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, 2022 consist of investments which are classified as Level 1 and Level 3, detailed as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity funds	\$ 2,600,311	\$ 2,600,311	\$	\$
Fixed income annuities	1,838,997			1,838,997
Bond funds	412,007	412,007		
ETFs	108,186	108,186		
Totals	<u>\$ 4,959,501</u>	<u>\$ 3,120,504</u>		<u>\$ 1,838,997</u>

Investment activity for the year ended December 31, 2022 is summarized as follows:

Investments losses	\$ (159,820)
Investment management fees	<u>(5,981)</u>
Investment Return, Net	(165,801)
Interest income	<u>461,234</u>
Total Return on Investment	<u>\$ 295,433</u>

A reconciliation of the SEE's Level 3 assets at December 31, 2022 is as follows:

Balance at Beginning of Year	\$ 2,008,784
Investment gains	30,213
Transfers out of Level 3	<u>(200,000)</u>
Balance at End of Year	<u>\$ 1,838,997</u>

Note 5—Commitments and Contingencies

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.

Social & Environmental Entrepreneurs, Inc.
Notes to Financial Statements—Continued

Note 5—Commitments and Contingencies—Continued

SEE leased an office unit in Calabasas, California on a month-to-month basis until September 2022, when SEE signed a two-year lease for this unit, which expires August 2024. With the adoption of ASU 2016-02, an operating lease right-of-use asset and an offsetting operating lease liability were recorded related to these leases, using a discount rate of 4% per year, amounting to \$34,742 at December 31, 2022.

Additionally, SEE renewed the lease agreement for an alternative office unit in Calabasas, California, under an operating lease agreement which expires in August 2024. For the year-ended December 31, 2022, an operating lease right-of-use asset and an offsetting operating lease liability were recorded related to these leases, using a discount rate of 4% per year, amounting to \$68,397.

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

<u>Year Ending December 31,</u>	
2023	\$ 53,397
2024	<u>36,535</u>
	Gross Rental Payments 89,932
Less effect of discounting	<u>(3,085)</u>
	Operating Lease Liability <u>\$ 86,847</u>

Office facilities rental expense for the year ended December 31, 2022 was approximately \$56,576.

Social & Environmental Entrepreneurs, Inc.
Notes to Financial Statements—Continued

Note 6—Net Assets with Donor Restrictions

Net assets with donor restrictions for the year ended December 31, 2022 are as follows:

Subject to expenditure for specified purpose:

Fiscal sponsorship services	
Animal welfare projects	\$ 827,224
Civic engagement projects	1,721,806
Community development projects	8,236,317
Donor-advised funds	130,135
Environmental sustainability projects	12,385,131
Health and food projects	3,663,829
Human rights projects	23,814,173
Youth development projects	6,745,773
	<hr/>
Total Subject to Purpose Restrictions	57,524,388

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

Fiscal sponsorship services	
Animal welfare projects	90,000
Civic engagement projects	95,000
Community development projects	617,000
Environmental sustainability projects	1,300,000
Health and food projects	441,500
Human rights projects	6,307,134
Youth development projects	1,091,500
	<hr/>
Total Subject to Time and Purpose Restrictions	9,942,134

Total Net Assets With Donor Restrictions \$ 67,466,522

Net assets released from donor restrictions for the year ended December 31, 2022 are as follows:

Satisfaction of purpose restrictions:

Fiscal sponsorship services	
Animal welfare projects	\$ 1,358,664
Civic engagement projects	715,862
Community development projects	5,964,676
Environmental sustainability projects	18,510,602
Health and food projects	2,487,945
Human rights projects	24,398,391
Youth development projects	7,272,151
	<hr/>
Total Net Assets Released from Donor Restrictions	\$ 60,708,291

Social & Environmental Entrepreneurs, Inc.
Notes to Financial Statements—Continued

Note 6—Net Assets with Donor Restrictions—Continued

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 7—Risks and Uncertainties

In March 2023, subsequent to year-end, the shut-down of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system, however, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. As noted in Note 1, SEE maintains cash and cash equivalents and investment balances in excess of federally-insured limits. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time

Note 8—Subsequent Events

Management evaluated all activities of SEE through October 16, 2023, which is the date the financial statements were available to be issued, and concluded that, other than the banking crisis described in Note 7, no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.