



The Reno Initiative
FOR SHELTER & EQUALITY

Financial Statements

December 31, 2022

The Reno Initiative for Shelter and Equality

Table of Contents

December 31, 2022

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

Shareholders

Edward R. Cupit, CPA (1943-2010)

Ronald A. Milligan, CPA (1949-2022)

Melvin L. Williams, CPA

Independent Auditor's Report

To the Board of Directors of
The Reno Initiative for Shelter and Equality

Opinion

We have audited the financial statements of The Reno Initiative for Shelter and Equality (a 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 accompanying financial statements present fairly, in all material respects, the financial position of The Reno Initiative for Shelter and Equality as of December 31, 2022, 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 (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 The Reno Initiative for Shelter and Equality 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 Reno Initiative for Shelter and Equality'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 The Reno Initiative for Shelter and Equality'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 Reno Initiative for Shelter and Equality'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.

Cusit, Kulligan, Ogden & Kulligan

Reno, Nevada
June 22, 2023

The Reno Initiative for Shelter and Equality
Statement of Financial Position
December 31, 2022

Assets	Without Donor Restrictions	With Donor Restrictions	Total
<i>Current Assets</i>			
Cash	\$ 285,886	\$ -	\$ 285,886
Contracts receivable	244,786	-	244,786
<i>Total Current Assets</i>	<u>530,672</u>	<u>-</u>	<u>530,672</u>
Total Assets	<u><u>\$ 530,672</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 530,672</u></u>
Liabilities and Net Assets			
<i>Current liabilities</i>			
Accounts payable	\$ 1,440	\$ -	\$ 1,440
Accrued vacation	39,071	-	39,071
Accrued payroll and related liabilities	163,720	-	163,720
<i>Total Current Liabilities</i>	<u>204,231</u>	<u>-</u>	<u>204,231</u>
Total Liabilities	<u>204,231</u>	<u>-</u>	<u>204,231</u>
<i>Net Assets</i>	<u>326,441</u>	<u>-</u>	<u>326,441</u>
Total Liabilities and Net Assets	<u><u>\$ 530,672</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 530,672</u></u>

The accompanying notes are an integral part of these financial statements.

The Reno Initiative for Shelter and Equality

Statement of Activities

For the year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support			
Contract income	\$ 3,221,245	\$ -	\$ 3,221,245
Contributions of cash	84,883	-	84,883
Contributions of nonfinancial assets	88,349	-	88,349
Total Revenue and Other Support	<u>3,394,477</u>	<u>-</u>	<u>3,394,477</u>
Expense			
<i>Program Services</i>			
Our Place	2,723,163	-	2,723,163
Clean and Safe	222,637	-	222,637
CrossRoads	162,290	-	162,290
<i>Supporting Services</i>			
General and administrative	151,546	-	151,546
Total Expense	<u>3,259,636</u>	<u>-</u>	<u>3,259,636</u>
Changes in Net Assets	134,841	-	134,841
Net Assets, Beginning of Year	<u>191,600</u>	<u>-</u>	<u>191,600</u>
Net Assets, End of Year	<u>\$ 326,441</u>	<u>\$ -</u>	<u>\$ 326,441</u>

The accompanying notes are an integral part of these financial statements.

The Reno Initiative for Shelter and Equality

Statement of Functional Expenses

For the year ended December 31, 2022

	<u>Program Services</u>			<u>Supporting</u>	<u>Total</u>
	<u>Our Place</u>	<u>Clean and Safe</u>	<u>CrossRoads</u>	<u>General and Administrative</u>	
Wages	\$ 2,227,932	\$ 138,028	\$ 127,705	\$ 104,038	\$ 2,597,703
Employee benefits, payroll taxes and related employee costs	286,674	24,229	13,665	9,185	333,753
Total Wages and Related Costs	2,514,606	162,257	141,370	113,223	2,931,456
Accounting fees	-	-	-	6,122	6,122
Advertising and promotion	2,792	-	-	3,818	6,610
Contract services	7,200	52,315	-	-	59,515
Contributed nonfinancial assets	88,349	-	-	-	88,349
Dues and service fees	286	10	-	780	1,076
Guest enrichment events	4,173	-	129	-	4,302
Information technology	598	-	-	1,502	2,100
Insurance	68,017	1,250	18,629	-	87,896
Meetings and conferences	1,035	344	-	50	1,429
Miscellaneous	-	-	-	23,265	23,265
Office	1,675	413	88	265	2,441
Program supplies	26,808	1,106	2,074	-	29,988
Rent and storage	-	4,558	-	-	4,558
Taxes and licenses	-	-	-	1,951	1,951
Training	6,780	299	-	570	7,649
Transportation	844	85	-	-	929
Total Expenses	\$ 2,723,163	\$ 222,637	\$ 162,290	\$ 151,546	\$ 3,259,636

The accompanying notes are an integral part of these financial statements.

The Reno Initiative for Shelter and Equality
Statement of Cash Flows
For the year ended December 31, 2022

Cash Flows from Operating Activities	
Changes in net assets	\$ 134,841
<i>Adjustments to reconcile changes in net assets to net cash provided by operating activities</i>	
<i>Changes in operating assets and liabilities</i>	
Contracts receivable	(125,779)
Accounts payable	222
Accrued vacation	16,541
Accrued payroll and related liabilities	<u>66,190</u>
Net Cash Provided by Operating Activities	<u>92,015</u>
Net Change in Cash	92,015
Cash, Beginning of Year	<u>193,871</u>
Cash, End of Year	<u><u>\$ 285,886</u></u>
Supplemental Disclosure of Cash Flow Information	
<i>Cash paid during the year for</i>	
Income taxes	<u><u>\$ -</u></u>
Interest	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

The Reno Initiative for Shelter and Equality

Notes to Financial Statements

December 31, 2022

1. Nature of Operations & Summary of Significant Accounting Policies

Nature of Activities

The Reno Initiative for Shelter and Equality (“RISE”) was incorporated on July 17, 2012 as a non-profit corporation under Nevada law. RISE’s initiative is to cultivate a greater sense of dignity and humility by providing equal access to shelter, knowledge, and opportunity. RISE seeks to create a stronger community through the use of shared resources and mutual aid. RISE is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Program Services

The mission of RISE is to provide support for unsheltered people in the Reno-Sparks area through mutual aid. Program expenses include costs related to the following initiatives:

- Our Place – RISE operates a low-barrier emergency housing facility for women and families in the Reno-Sparks community. The campus provides shelter and services for women, families, seniors, and their animal companions.
- Clean and Safe - RISE provides peer-to-peer outreach services to unsheltered populations in the community. Services include providing support, resources and options to unhoused individuals with the objective of minimizing trauma associated with relocations and increasing the likelihood of future successful permanent housing.
- CrossRoads - RISE operates sober supportive housing for single women and families in the Reno-Sparks community. The care team serves a vital role by providing the necessary structure, oversight, safety and consistency needed to ensure participants long term success.

Supporting Services

- General and Administrative - These services include functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination of RISE’s programs, and manage the financial and budgetary responsibilities.

Basis of Accounting

RISE prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP). In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 22, 2023, the date the financial statements were available to be issued.

Financial Statement Presentation

RISE follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, Not for Profit Entities. Under ASC No. 958, RISE is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions as follows:

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

The Reno Initiative for Shelter and Equality

Notes to Financial Statements

December 31, 2022

- Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may be maintained permanently or will be met either by actions of the organization or the passage of time. RISE does not have any net assets with donor restrictions as of December 31, 2022.

Use of Estimates

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

Cash

RISE maintains its cash in a financial institution. Accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per financial institution. At December 31, 2022, RISE had approximately \$57,000 of cash in excess of insured limits.

Contract Receivables

Contracts receivable are recorded when the organization's right to consideration becomes unconditional. RISE does not anticipate any collection losses with respect to the receivable balances and therefore, no allowance for bad debt was established at December 31, 2022.

Compensated Absences

Accrued vacation represents the organization's liability for the cost of unused employee vacation at year end.

Contracts Income

RISE operates housing facilities and provides peer-to-peer outreach services to unsheltered populations in the Reno-Sparks area. These services are provided in accordance with contracts executed with local government entities. Revenues are recognized over the term of the contract as the services are provided, in an amount that reflects the consideration RISE expects to be entitled to in exchange for those services.

Revenue is recognized using the five-step approach, as follows:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, performance obligations are satisfied.

A performance obligation is a promise in a contract to transfer a distinct service, and it is the unit of account in the accounting guidance for revenue recognition. The majority of RISE's contracts have a single performance obligation as the promise to transfer the individual services is not separately identifiable from other promises in the contracts and, therefore, is not distinct.

Compensation for the services is generally determined on a time and materials basis not to exceed the total contract price. Contracts do not include variable consideration.

Services are billed bi-weekly, semi-monthly or quarterly and payments are due within 30 days of the invoice date. Client contracts are generally for a term of between 10-18 months, allow for renewal options, and are cancellable by

The Reno Initiative for Shelter and Equality

Notes to Financial Statements

December 31, 2022

either party on a short-term basis (up to 60 days) with written notice. The timing between satisfaction of the performance obligation, invoicing, and payment is not significant.

Contract Balances

The timing of billings, cash collections, and revenue recognition results in contract assets reported in the statement of financial position as contract receivables. Contract receivables are recognized only to the extent that they are probable of collection. For the year ended December 31, 2022, the beginning and ending contract receivables balances were \$119,007 and \$244,786, respectively.

Contributions of Cash

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions restricted by a donor for specific purposes or future periods are reported as 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 donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met either by the passage of time or by use in the reporting period in which the income is recognized.

Contributions of Nonfinancial Assets

Donated clothing and toiletries are reflected as contributions of nonfinancial assets in the accompanying statement of activities at their estimated fair values at the date of receipt with a corresponding amount recorded as expense.

Contributions of services are recognized as contributions of nonfinancial assets when the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation in accordance with ASC No. 958-605-25-16, Not for Profit Entities – Contributions Received. Contributions of services are measured at their estimated fair market value.

A significant portion of the RISE's functions and programs are conducted by unpaid volunteers. Time donated by volunteers, including those serving on the board of directors, has not been recognized as it does not meet the criteria established by the ASC.

Advertising

Advertising costs are charged to program and supporting services when incurred. Advertising costs totaled \$6,610 for the year ended December 31, 2022.

Expense Allocation

Functional expenses, which are not directly attributable to a specific function, are allocated between program and supporting services based on the best estimates of management. Functional expenses are considered an expense in the year incurred and, accordingly, are charged to operations on a current basis.

2. Liquidity and Availability of Resources

The following table reflects RISE's financial assets as of December 31, 2022, reduced by amounts not available for general use because of a contractual or donor-imposed restrictions within one year of the statement of financial position:

Financial assets at year end	\$ 530,672
Less those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions:	<u> -</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 530,672</u></u>

As part of RISE'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.

4. Contributions of Nonfinancial Assets

For the year ended December 31, 2022, RISE recognized \$88,349 of contributed nonfinancial assets which consisted of clothing and toiletries. None of the contributed items had donor-imposed restrictions. It is RISE's policy to utilize donated items and as such, none of the items were monetized.

Contributed clothing and toiletries are provided to guests receiving services under the Our Place program. Clothing and toiletries are valued on the basis of estimates of wholesale values that would be received for selling similar products.

5. Concentration of Revenue

RISE receives a substantial portion of its revenue from contracts administered by local governments. RISE's operations are significantly dependent upon this revenue and if funding were to suddenly cease, operations would be impacted severely and adversely. RISE does not anticipate significant changes to its contracts at this time.