

**HARC, INC.**  
**PALM DESERT, CALIFORNIA**

**INDEPENDENT AUDITOR'S REPORT**  
**AND FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2021**



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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
HARC, Inc.  
Palm Desert, California

**Opinion**

We have audited the accompanying financial statements of HARC, Inc., which comprise of the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses and the 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 HARC, Inc. as of June 30, 2022 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HARC, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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 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 HARC, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HARC, Inc. 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 HARC, Inc.'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.

### **Report on Summarized Comparative Information**

The financial statements of HARC, Inc. for the year ended June 30, 2021, were audited by other auditors whose report dated September 15, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Coachella Valley  
Accounting & Auditing*

La Quinta, CA  
September 21, 2022

**HARC, INC.**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**

**WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2021**

	<b><u>2022</u></b>	<b>2021 (Memorandum Only)</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 419,686	\$ 406,522
Grants and accounts receivable	491,791	1,534,772
Prepaid expenses	1,801	1,801
Total current assets	<u>913,278</u>	<u>1,943,095</u>
 <b>PROPERTY AND EQUIPMENT - NET</b>	 <u>11,273</u>	 <u>13,122</u>
 <b>LONG TERM ASSETS</b>		
Deposits	<u>1,300</u>	<u>1,300</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 925,851</u></u>	 <u><u>\$ 1,957,517</u></u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
 <b>LIABILITIES</b>		
Accounts payable	\$ 2,944	\$ 14,394
Accrued vacation and payroll	34,259	29,183
Deferred income	430,049	1,492,405
Total current liabilities	<u>467,252</u>	<u>1,535,982</u>
 <b>NET ASSETS</b>		
Without donor restrictions	<u>458,599</u>	<u>421,535</u>
Total net assets	<u>458,599</u>	<u>421,535</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 925,851</u></u>	 <u><u>\$ 1,957,517</u></u>

(The accompanying notes are an integral part of these financial statements)

**HARC, INC.**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2022</u>	<u>2021</u> (Memorandum Only)
<b>REVENUES</b>		
Contributions	\$ 62,457	\$ 29,412
Grants - Desert Healthcare District	-	30,764
Grants - PPP loan forgiveness	-	71,742
Grants - other	89,264	159,541
Client requested services	1,283,620	378,225
Special events	15,500	6,270
Interest income	484	1,355
Total revenues	<u>1,451,325</u>	<u>677,309</u>
<b>EXPENSES</b>		
Program	1,245,336	546,604
Management	113,213	70,880
Fundraising	55,712	34,090
Total expenses	<u>1,414,261</u>	<u>651,574</u>
<b>INCREASE IN NET ASSETS</b>	<u>37,064</u>	<u>25,735</u>
<b>NET ASSETS AT JULY 1</b>	<u>421,535</u>	<u>395,800</u>
<b>NET ASSETS AT JUNE 30</b>	<u>\$ 458,599</u>	<u>\$ 421,535</u>

(The accompanying notes are an integral part of these financial statements)

**HARC, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021**

	Program	Management	Fundraising	Total 2022	2021 (Memorandum Only)
Salaries	\$ 464,580	\$ 54,657	\$ 27,328	\$ 546,565	\$ 391,795
Payroll taxes	36,574	4,303	2,151	43,028	31,402
Employee benefits	33,188	3,905	1,952	39,045	52,547
Workers compensation insurance	2,738	322	161	3,221	2,657
Computer services	5,086	598	299	5,983	25,002
Depreciation	1,570	185	92	1,847	1,584
Insurance	4,014	472	236	4,722	4,632
Meetings	-	-	-	-	300
Office supplies	507	60	30	597	3,626
Other expenses	8,195	964	482	9,641	2,041
Participant incentives	389,486	-	-	389,486	45,487
Postage and printing	195,684	23,022	11,511	230,217	19,324
Professional services					
Audit fees	-	8,600	-	8,600	8,200
Accounting fees	-	3,925	-	3,925	3,725
Payroll fees	1,732	204	102	2,038	1,794
Project consultant	62,788	7,387	3,693	73,868	9,866
Public relations	432	51	25	508	465
Technical training	384	45	23	452	-
Rent	18,376	2,162	1,081	21,619	21,266
Retirement plan	7,990	940	470	9,400	9,540
Special events	-	-	5,368	5,368	4,613
Telephone and utilities	11,449	1,347	673	13,469	11,296
Travel and mileage	563	66	33	662	412
<b>TOTAL EXPENSES</b>	<b>\$ 1,245,336</b>	<b>\$ 113,213</b>	<b>\$ 55,712</b>	<b>\$ 1,414,261</b>	<b>\$ 651,574</b>

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

**HARC, INC.**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021**

	2022	2021 (Memorandum Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 37,064	\$ 25,735
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,847	1,584
Changes in operating assets and liabilities:		
Grants and accounts receivable	1,042,981	(1,036,805)
Prepaid expenses	-	(87)
Accounts payable	(11,450)	14,394
Accrued vacation	5,078	7,856
Deferred income	(1,062,356)	1,042,416
Net cash provided by operating activities	<u>13,164</u>	<u>55,093</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>-</u>	<u>(4,797)</u>
Net cash used by investing activities	<u>-</u>	<u>(4,797)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	13,164	50,296
<b>CASH AT BEGINNING OF YEAR</b>	<u>406,522</u>	<u>356,226</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 419,686</u>	<u>\$ 406,522</u>

(The accompanying notes are an integral part of these financial statements)

# HARC, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

### **1. NATURE OF ORGANIZATION**

Founded in 2006, HARC, Inc. (Health Assessment and Research for Communities) is a nonprofit that advances quality of life by helping community leaders use objective research and analysis to turn data into action. HARC provides research and evaluation services related to the social determinants of health; that is, the concept that health depends on where you live, work, learn, and play.

Every three years, HARC conducts the Coachella Valley Community Health Survey and provides the data back to the community free of charge. Data users—including nonprofits, healthcare organizations, educational institutions, and government agencies—use this data to prioritize needs, design programs and services to address those needs, and obtain funding to implement those programs and services, as well as to track the progress the community has made.

HARC also provides customized research and evaluation services to organizations both locally in Coachella Valley and across the nation. These customized research solutions allow organizations to obtain the information they need to make evidence-based decisions, thereby improving the effectiveness and the efficiency of the programs they offer to improve community well-being.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

#### Net assets without donor restrictions

Net assets that are not subject to donor-imposed stipulations.

#### Net assets with donor restrictions

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, donor restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no net assets with donor restrictions at June 30, 2022 and 2021.

#### Property and Equipment

Property and equipment are stated at cost and depreciated on the straight-line basis over their estimated useful lives ranging from 3 to 5 years. The Organization capitalizes all property and equipment over \$1,000. Donations of property and equipment are recorded at their estimated fair value.



## HARC, INC.

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

##### Tax-Exempt Status

The Organization is a not-for-profit corporation that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), and from California franchise taxes under related state tax regulations and classified by the Internal Revenue Service as other than a private foundation. The Organization may be subject to tax on income from any unrelated business operations. The Organization does not currently have any unrelated business operations.

The Organization's Form 990, *Return of Organization Exempt from Income Tax*, are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

##### Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Concentration of Credit Risk

The Organization maintains its cash in deposit accounts, which at times, may exceed Federal Deposit Insurance Corporation (FDIC) insurance limits of \$250,000. Management is aware of this matter and does not expect any losses on the uninsured balances.

##### Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

##### Memorandum Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the prior year, from which the summarized information was derived.

#### 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Computer equipment	\$ 12,224	\$ 12,224
Leasehold improvements	<u>9,000</u>	<u>9,000</u>
	21,224	21,224
Less: accumulated depreciation	<u>(9,951)</u>	<u>(8,102)</u>
Total	<u>\$ 11,273</u>	<u>\$ 13,122</u>

**HARC, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**4. DEFERRED INCOME**

**Grants**

**Center for Health Disparities Research at UC Riverside**

In August 2019, the Organization entered a subaward partnership with the Center for Health Disparities Research at UC Riverside (HDR@UCR), primary grant recipient of a five-year project funded by the National Institutes of Health (NIH) to address health disparities in inland Southern California. As a sub awardee, the Organization is helping with community engagement and outreach, collecting qualitative data related to racial disparities in COVID-19 experiences in the Inland Empire, and attending regular meeting to guide the project going forward. The balance of deferred revenue at June 30, 2022 and 2021 was \$127,324 and \$103,275, respectively.

**Client Requested Services**

**Betty Ford Center**

HARC was hired to conduct a Community Health Needs Assessment (CHNA) and Implementation Strategy (IS) plan, per the IRS requirements for nonprofit hospitals. The contract was for \$26,000, started on November 9, 2020, and has been completed. The balance of \$13,000 in deferred revenue at June 30, 2021 has been recognized in revenue for the year ended June 30, 2022.

**Clinicas de Salud del Pueblo**

In December 2019, the Organization was contracted by the Clinicas de Salud del Pueblo to conduct client satisfaction surveys and produce written reports for each of Clinicas' 15 sites. This project has been completed. The Organization was being paid according to a payment schedule and the balance of deferred revenue at June 30, 2021 of \$8,550 has been recognized as revenue for the year ended June 30, 2022.

**Coachella Valley Volunteers in Medicine**

HARC was hired to conduct a donor and volunteer survey for CVVIM. The contract began on March 29, 2021, for for \$7,800 total, and has been completed. The balance of \$3,900 in deferred revenue at June 30, 2021 has been recognized as revenue for the year ended June 30, 2022.

**College of the Desert**

College of the Desert pledged to be a \$5,000 sponsor for Workplace Wellness Awards in 2022 and 2023 each year. The balance of deferred revenue at June 30, 2022 and 2021 was \$5,000 and \$10,000, respectively.

**Cook Ross**

HARC was hired to validate their diversity, equity, and inclusion tool. The contract was for \$4,793, signed on February 12, 2021, and has been completed. The balance of \$2,793 in deferred revenue at June 30, 2021 has been recognized as revenue for the year ended June 30, 2022.

**DAP Health**

HARC was hired to conduct a community health needs assessment for women's health in the Coachella Valley. The contract is for \$43,650 signed on April 6, 2022 and is in progress. The balance of deferred revenue at June 30, 2022 was \$21,825.

## HARC, INC.

### NOTES TO FINANCIAL STATEMENTS

#### JUNE 30, 2022 AND 2021

#### 4. DEFERRED INCOME – (continued)

##### Client Requested Services – (continued)

###### Desert Healthcare District Community Health Needs Assessment

In February 2020, the Organization was contracted by Desert Healthcare District (DHCD) to conduct a community health needs assessment (CHNA) for which will culminate in a community health improvement plan (CHIP). The Organization was being paid according to a payment schedule and the project has ended. The June 30, 2021 balance was \$111,771, which \$109,404 was cancelled and \$2,367 has been recognized as revenue for the year ended June 30, 2022.

###### EPA Environmental Justice

HARC was hired by the EPA Environmental Justice Department to evaluate the data and reporting for the environmental health report. They entered the \$6,600 contract for services on February 10, 2022 and the project is still in process. The amount in deferred revenue at June 30, 2022 was \$6,600.

###### First 5 Riverside

HARC was hired to create a community profile for the 4<sup>th</sup> district of Riverside County. The 2021 deferred balance from phase one of \$25,000, was rolled into the second phase of the program. The second phase contract is for \$182,300, signed on March 22, 2022, and is in progress. The balance of deferred revenue for the project at June 30, 2022 was \$188,650.

###### Innecare (aka Clinicas)

HARC was hired to conduct client satisfaction surveys and produce written reports for each of the Innecare sites. The contract signed on March 15, 2022 is for \$35,400 and is in progress. The amount in deferred revenue at June 30, 2022 was \$26,725.

###### Kaiser Permanente

HARC was hired to conduct a Community Health Needs Assessment (CHNA) and Implementation Strategy (IS) plan, per the IRS requirements for nonprofit hospitals. The contract was for \$70,000, began March 29, 2021, and has been completed. The balance of \$50,000 in deferred revenue at June 30, 2021 has been recognized as revenue for the year ended June 30, 2022.

###### Nehemiah Charitable Foundation

HARC was hired to conduct a needs assessment of Black-led nonprofit organizations in the Inland Empire. The contract is for \$22,300, started June 29, 2021, and is in progress. The balance of deferred revenue at June 30, 2022 and 2021 was \$5,575 and \$16,725 respectively.

###### OneFuture Coachella Valley

HARC entered a contract with OneFuture Coachella Valley on December 12, 2022 to provide data support and analysis to their organization. The contract amount is for \$9,915 and is still in process. The amount in deferred revenue at June 30, 2022 is \$4,958.

###### RAP H/MHI Collective Impact

In July 2021, the Organization was contracted by Regional Access Project Foundation (RAP) to conduct a collective impact of the health and mental health initiative. The balance of deferred revenue at June 30, 2022 was \$4,400.

## HARC, INC.

### NOTES TO FINANCIAL STATEMENTS

#### JUNE 30, 2022 AND 2021

4. DEFERRED INCOME – (continued)  
Client Requested Services – (continued)

RAP Foundation

In May 2020, the Organization was contracted by Regional Access Project Foundation (RAP) to conduct a collective impact of the regranting of funds from the James Irvine Foundation in support of immigrant rights and mental health. The project has been completed. The balance of \$4,950 in deferred revenue at June 30, 2021 has been recognized as revenue for the year ended June 30, 2022.

Riverside Community Health Foundation

HARC was hired to assist in evaluation of a grant and to assist with community engagement. The contract is \$40,405, and was signed on June 4, 2021, and is in progress. This is a five-year grant. The balance of deferred revenue at June 30, 2022 and 2021 was \$20,910 and \$38,655, respectively.

Riverside University Health System

This combines two projects: one to assist with analyzing COVID-19 death data for Epidemiology (NTE \$150,000, contract signed October 7, 2020) and another to conduct a COVID-19 needs assessment across Riverside County (NTE \$999,045, contract signed May 26, 2021). Both of these projects have ended. The June 30, 2021 balance of \$1,051,568 in deferred revenue, which \$106,600 was cancelled, and \$944,968 has been recognized as revenue for the year ended June 30, 2022.

Starting Over

HARC was hired to conduct evaluate a housing first program for formerly incarcerated individuals. The contract is for \$51,865, was signed on August 31, 2020, and is in progress. The balance of deferred revenue at June 30, 2022 and June 30, 2021 was \$10,806 and \$34,577, respectively.

TruEvolution

In June 2020, the Organization was contracted by TruEvolution to design and implement improved data tracking and evaluation tools. The Organization is being paid according to a payment schedule and the project has been completed. The balance of \$6,075 in deferred revenue at June 30, 2021 has been recognized as revenue for the year ended June 30, 2022.

University California Riverside - CEAL

HARC is a sub-awardee/sub-contract for UC Riverside to conduct a COVID-19 survey focused on the African American/Black, Native American, and Latinx/Hispanic communities in the Inland Empire. HARC's portion of the grant is \$47,988, contract signed January 29, 2021, and has been completed. The balance of \$11,566 in deferred revenue at June 30, 2021 has been recognized as revenue for the year ended June 30, 2022.

Variety of the Desert

In November 2021, HARC was contracted to evaluate the Caring Connections Pilot Program by Variety of the Desert. The contract is for \$6,500 and is in process. The balance in deferred revenue at June 30, 2022 is \$3,250.

**HARC, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**4. DEFERRED INCOME – (continued)  
Client Requested Services – (continued)**

Youth Leadership Institute

HARC was hired by Youth Leadership Institute to evaluate their ¡Que Madre! Program. The contract is for \$12,775, was signed on December 13, 2021, and is in progress. The balance of deferred revenue at June 30, 2022 was \$4,025.

The deferred income balances at June 30 are summarized as follows:

<u>Grants</u>	<u>2022</u>	<u>2021</u>
Center for Health Disparities Research at UC Riverside	\$ 127,324	\$ 103,275
	<u>127,324</u>	<u>103,275</u>
<u>Client Requested Services</u>	<u>2022</u>	<u>2021</u>
Betty Ford Center	\$ -	\$ 13,000
Clinicas de Salud del Pueblo	-	8,550
Coachella Valley Volunteers in Medicine	-	3,900
College of the Desert	5,000	10,000
Cook Ross	-	2,793
DAP Health	21,825	-
Desert Healthcare District Community Health Needs Assessment	-	111,771
EPA Environmental Justice	6,600	-
First 5 Riverside	188,650	25,000
Innecare	26,725	-
Kaiser Permanente	-	50,000
Nehemiah Charitable Foundation	5,575	16,725
OneFuture	4,958	-
RAP Foundation	-	4,950
RAP H/MHI	4,400	-
Riverside Community Health Foundation	20,911	38,655
Riverside University Health Systems	-	1,051,568
Starting Over	10,806	34,577
TruEvolution	-	6,075
University California Riverside – CEAL	-	11,566
Variety of the Desert	3,250	-
Youth Leadership	4,025	-
	<u>302,725</u>	<u>1,389,130</u>
Total Deferred Income	<u>\$ 430,049</u>	<u>\$ 1,492,405</u>

**HARC, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**5. LEASE COMMITMENTS**

In October 2020, the Organization entered into a 36 month office lease with Regional Access Project Foundation. Total lease expense during the years ended June 30, 2022, and 2021 was \$21,619 and \$21,266, respectively. Future payments under this agreement are \$21,609 and \$7,203 for the years ending June 30, 2023 and 2024, respectively.

**6. CONCENTRATION OF REVENUE**

During the year ending June 30, 2022, the Organization received substantial portion of its revenues from one contract in the amount of \$944,968 which was 65% of the total support and revenue. During the year ending June 30, 2021, the Organization received substantial portion of its revenues from the same organization of \$160,652 which was 24% of the total support and revenue.

**7. 401(k) PROFIT SHARING PLAN**

Regular employees are eligible to enroll in HARC's 401(k) Profit Sharing Plan on the Plan's enrollment date. Eligible employees may contribute a percentage of their annual pay or a fixed amount to the Plan for each 12 month consecutive period in which they have been employed with HARC. The Organization may authorize discretionary contributions to the plan. The Organization matches \$100 per pay period for employee 401(k) withholding. Total matching contributions for each of the years ended June 30, 2022 and 2021 was \$7,200.

**8. LINE OF CREDIT**

In July 2022, the Organization extended their existing line of credit agreement with First Foundation Bank for \$120,000 with an interest rate of 5.25% and maturity date of August 2023. The Organization has not drawn on these funds.

**9. LIQUIDITY**

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditure are as follows:

Cash	\$ 419,686
Grants and accounts receivable	<u>491,790</u>
	<u>\$ 911,476</u>

The Organization is committed to investing liquid assets conservatively. The Organization also has access to its line of credit of \$120,000. (See Note 8)

**10. UNCERTAINTIES**

As a result of the COVID-19 coronavirus pandemic, economic uncertainties have arisen which had an impact on the year ended June 30, 2021. In February 2021 the Organization received a 2<sup>nd</sup> Paycheck Protection Program loan in the amount of \$71,742. As of June 30, 2021, management has determined that the funds received under this loan were fully expended for qualifying items as such reflected this forgivable loan as grant income during the year ended June 30, 2021. The loan was forgiven in full in August 2021.

**HARC, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**10. UNCERTAINTIES – (continued)**

Management anticipates economic uncertainties associated with the COVID-19 coronavirus pandemic are likely to continue to negatively impact operating revenues. The related financial impact and duration cannot be reasonably estimated at this time.

**11. SUBSEQUENT EVENTS**

The Organization evaluated all potential subsequent events as of September 21, 2022 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2022 or as of September 21, 2022 that require disclosure to the financial statements.