

"YES I CAN" UNITY THROUGH MUSIC AND EDUCATION, INC.
Valencia, California

FINANCIAL STATEMENTS
DECEMBER 31, 2022

Rojas & Associates, CPAs

1048 Irvine Avenue #245, Newport Beach, CA 92550

www.rojascpa.com

Phone – 714-282-8029

To the Board of Directors
"Yes I Can" Unity Through Music and Education, Inc.
Valencia, California

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Report on the Financial Statements

We have reviewed the accompanying financial statements of "YES I CAN" UNITY THROUGH MUSIC AND EDUCATION, INC.(a nonprofit organization) which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an 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 material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the result of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of "Yes I Can" Unity Through Music and Education, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

ROJAS & ASSOCIATES, CPAs

Rojas & Associates, CPAs

Newport Beach, California
September 11, 2023

"YES I CAN" UNITY THROUGH MUSIC AND EDUCATION, INC.
Valencia, California

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 204,833
Accounts receivable	<u>162,603</u>
Total current assets	<u>367,436</u>

FURNITURE AND EQUIPMENT

At cost	2,734
Accumulated depreciation	<u>1,720</u>
Net furniture and equipment	<u>1,014</u>

TOTAL ASSETS	<u>\$ 368,450</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 2,640
Accrued payroll liabilities	<u>21,498</u>
Total current liabilities	<u>24,138</u>

TOTAL LIABILITIES	<u>24,138</u>
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NET ASSETS

Without donor restrictions	<u>344,312</u>
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TOTAL NET ASSETS	<u>344,312</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 368,450</u>
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This statement is to be considered in conjunction with the accompanying independent accountants' review report. The accompanying notes are an integral part of this statement.

“YES I CAN” UNITY THROUGH MUSIC AND EDUCATION, INC.
Valencia, California

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>
PUBLIC SUPPORT AND REVENUE	
CIT program	\$ 843,847
PIP program	149,669
Self-determination program	13,485
Donations	7,090
Other income	<u>370</u>
 TOTAL PUBLIC SUPPORT AND REVENUE	 1,014,461
 EXPENSES	
Program services expense	
CIT program	625,520
PIP program	105,798
Self-determination program	<u>9,243</u>
Total program services expense	<u>740,561</u>
Support services expense	
Management and general	<u>148,054</u>
Total support services expense	<u>148,054</u>
Total expenses	<u>888,615</u>
 CHANGE IN NET ASSETS	 125,846
 NET ASSETS, BEGINNING OF YEAR	 <u>218,466</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 344,312</u></u>

This statement is to be considered in conjunction with the accompanying independent accountants' review report. The accompanying notes are an integral part of this statement.

"YES I CAN" UNITY THROUGH MUSIC AND EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	CIT Program	PIP Program	Self-determination Program	Management and General	Total
Contract services	\$ 36,467	\$ 1,950	\$ -	\$ 13,039	\$ 51,456
Dues and subscriptions	6,094	80	-	4,719	10,893
Employee benefits	37,863	6,357	572	6,191	50,983
Insurance	-	-	-	2,760	2,760
Payroll taxes	43,303	7,680	692	7,478	59,153
Rent	-	-	-	8,040	8,040
Salaries and wages	499,279	88,555	7,979	86,222	682,035
Software	-	-	-	6,678	6,678
Telephone and internet	-	-	-	3,622	3,622
Other expenses	2,514	1,176	-	9,305	12,995
TOTAL FUNCTIONAL EXPENSES	\$ 625,520	\$ 105,798	\$ 9,243	\$ 148,054	\$ 888,615

This statement is to considered in conjunction with the accompanying independent accounts' review report.
The accompanying notes are an integral part of this statement.

"YES I CAN" UNITY THROUGH MUSIC AND EDUCATION, INC.
Valencia, California

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 125,846
Non-cash items included in change in net assets:	
Depreciation	443
Changes in operating assets and liabilities:	
Increase in accounts receivable	(116,015)
Decrease in accounts payable	(3,213)
Increase in accrued payroll liabilities	<u>14,004</u>
Net cash provided by operating activities	<u>21,065</u>
Net increase in cash	<u>21,065</u>
CASH, BEGINNING	<u>183,768</u>
CASH, ENDING	<u><u>\$ 204,833</u></u>

This statement is to be considered in conjunction with the accompanying independent accountants' review report. The accompanying notes are an integral part of this statement.

“YES I CAN” UNITY THROUGH MUSIC AND EDUCATION, INC.
Valencia, California

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE. 1 NATURE OF OPERATIONS

“Yes I Can” Unity Through Music and Education, Inc. (the “Company”) was formed on August 26, 2009, pursuant to the California Nonprofit Corporation Law as a public benefit corporation. The Company provides community integration training and employment services to adults with developmental disabilities to acquire necessary skills to assist them in obtaining careers within the music, recording and entertainment industries at competitive wages. The Company’s offices are located in Valencia, California.

The Company generates the majority of its revenues from clients referred by regional centers approved by the California Department of Developmental Services. These revenues are generated from negotiated rate contracts, therefore, compliance with the requirement that not more than 15% of total funds received from negotiated rate contracts be spent on administrative expenses is necessary for these revenues.

Negotiated rate contracts require that not more than 15% of funds received from negotiated rate contracts be spent on administrative expenses. Administrative overhead expenses are allocated between direct and indirect costs based on personnel time spent on or specific identification of the goods or services to revenue generating activities. The Company has reviewed the allocation of its expenses between direct and administrative costs for compliance with this requirement as well as its required supporting documentation for regional center billings and believes it is in compliance and no amounts are owed to regional centers.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The Company prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America; consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred. Contributions received are recorded as with or without donor restrictions depending on the nature or existence of any donor restriction.

Net Assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

“YES I CAN” UNITY THROUGH MUSIC AND EDUCATION, INC.
Valencia, California

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents: We consider all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

Accounts Receivable: Accounts receivable consist primarily of noninterest-bearing amounts due for program service fees. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. As of December 31, 2022, there was no allowance for uncollectable accounts as all amounts were deemed to be fully collectable. Approximately 91% of the accounts receivable balance as of December 31, 2022, was due from North Los Angeles County Regional Center.

Property and Equipment: We record property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, typically 5 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Revenue and Revenue Recognition: General support, including pledges, as well as any other unconditional promises to give, are recognized as revenue in the period pledged. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Grants represent contributions if the resources provider receives no value in exchange for the assets transferred, or if the value received is incidental to the potential public benefit to be provided by using the assets. Grants represent an exchange transaction if the potential public benefit to be derived is secondary to the potential benefit received by the resource provider.

Functional Allocation of Expenses: The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

“YES I CAN” UNITY THROUGH MUSIC AND EDUCATION, INC.
Valencia, California

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes: “Yes I Can” Unity Through Music and Education, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code for revenue generated from its exempt purpose activities.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk: For the year ended December 31, 2022, the Company received approximately 95% of its revenues from clients referred by North Los Angeles County Regional Center. The reliance on this customer could subject the Company to the economic stability of the customer.

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, we have not experienced losses in any of these accounts.

New Accounting Pronouncements: In February 2016, FASB issued ASU No. 2016-02, Leases. ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early application is permitted. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The Company implemented the provisions of this ASU effective January 1, 2022, and there were no significant impacts on the financial statements.

NOTE 3. LEASE COMMITMENTS

The Company leases its offices under a short-term operating lease agreement. Lease expense for the year ended December 31, 2022 under this agreement was \$8,040.

“YES I CAN” UNITY THROUGH MUSIC AND EDUCATION, INC.
Valencia, California

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 204,833
Accounts receivable	<u>162,603</u>
 Total financial assets	 <u>\$ 367,436</u>

The Company manages its liquidity with the principle of maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The Company's monthly cash requirements are approximately \$100,000 per month and as such the Company has approximately four months of operational expenses covered by its liquid assets.

NOTE 5. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, insurance, and other, which are allocated on the basis of estimates of time and effort.

NOTE 6. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through September 11, 2023, the date of this report, and has determined that there were no material subsequent events that required recognition or additional disclosure in these financial statements.