

TAHOE PROSPERITY CENTER

Incline Village, NV

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

December 31, 2021

TAHOE PROSPERITY CENTER

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tahoe Prosperity Center

Opinion

We have audited the accompanying financial statements of Tahoe Prosperity Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 Tahoe Prosperity Center as of December 31, 2021, and the changes in 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. 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 Tahoe Prosperity Center 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 Tahoe Prosperity Center's 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 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 Tahoe Prosperity Center'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 Tahoe Prosperity Center'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.

McClintock Accountancy Corporation

MCCLINTOCK ACCOUNTANCY CORPORATION
Tahoe City, California
January 18, 2022

TAHOE PROSPERITY CENTER

Exhibit A

STATEMENT OF FINANCIAL POSITION

December 31, 2021

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 331,700	\$ 4,307	\$ 336,007
Accounts receivable	25,500	-0-	25,500
Total Assets	<u>\$ 357,200</u>	<u>\$ 4,307</u>	<u>\$ 361,507</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 699	\$ -0-	\$ 699
Accrued liabilities	8,100	-0-	8,100
Funds held for others	130,179	-0-	130,179
Refundable advances	26,548	-0-	26,548
Total Liabilities	<u>165,526</u>	<u>-0-</u>	<u>165,526</u>
NET ASSETS			
Without Donor Restrictions	191,674	-0-	191,674
With Donor Restrictions (Note 4)	-0-	4,307	4,307
Total Net Assets	<u>191,674</u>	<u>4,307</u>	<u>195,981</u>
 Total Liabilities and Net Assets	 <u>\$ 357,200</u>	 <u>\$ 4,307</u>	 <u>\$ 361,507</u>

The accompanying notes are an integral part of these statements.

TAHOE PROSPERITY CENTER

Exhibit B

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2021

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
REVENUE			
Contributions	\$ 135,012	\$ 130,162	\$ 265,175
Grants	125,186	10,000	135,186
Interest income	6	-0-	6
Other income	6,811	-0-	6,811
Net assets released from restrictions:			
Satisfaction of purpose restrictions	162,166	(162,166)	-0-
Total net assets released	162,166	(162,166)	-0-
Total Revenue (Note 6)	429,181	(22,004)	407,177
EXPENSES			
Program services	289,988	-0-	289,988
Supporting services			
General and administrative	135,056	-0-	135,056
Fundraising	1,697	-0-	1,697
Total supporting services	136,753	-0-	136,753
Total Expenses	426,741	-0-	426,741
Increase (Decrease) in Net Assets	2,440	(22,004)	(19,564)
Net Assets at Beginning of Year	189,234	26,311	215,545
Net Assets at End of Year	\$ 191,674	\$ 4,307	\$ 195,981

The accompanying notes are an integral part of these statements.

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Exhibit C

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

Expenses	2021			
	Program Services	Supporting Services		Total
	Program & Facilities	General and Administrative	Fund Raising	
Salaries, wages and related benefits	\$ 162,679	\$ 100,137	\$ 1,697	\$ 264,513
Contract services				
ALERTWildfire	5,200	-0-	-0-	5,200
Envision Tahoe	60,340	-0-	-0-	60,340
Housing	56,000	-0-	-0-	56,000
Bank fees	778	408	-0-	1,186
Board	-0-	1,461	-0-	1,461
Dues, fees and subscriptions	165	5,919	-0-	6,084
Insurance	-0-	3,848	-0-	3,848
IT support	3,765	1,140	-0-	4,905
Legal and accounting	51	3,278	-0-	3,329
Marketing	966	5,725	-0-	6,691
Office	-0-	7,837	-0-	7,837
Postage and delivery	-0-	8	-0-	8
Software	-0-	457	-0-	457
Events	-0-	1,750	-0-	1,750
Telephone	-0-	574	-0-	574
Travel and meetings	44	2,514	-0-	2,558
	<u>\$ 289,988</u>	<u>\$ 135,056</u>	<u>\$ 1,697</u>	<u>\$ 426,741</u>

The accompanying notes are an integral part of these statements.

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Exhibit D

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	<u>2021</u>
	<u>Total</u>
Cash Flows from Operating Activities:	
Decrease in Net Assets	\$ (19,564)
Adjustments to reconcile increase in net assets to net cash	
Change in receivables	8,501
Change in payables	699
Change in accrued liabilities and funds held for others	159,687
Total Adjustments	<u>168,887</u>
Net Cash Provided by Operating Activities	<u>149,323</u>
Net Increase in Cash and Cash Equivalents	149,323
Cash and Cash Equivalents, Beginning of the Year	<u>186,684</u>
Cash and Cash Equivalents, End of the Year	<u><u>\$ 336,007</u></u>

The accompanying notes are an integral part of these statements.

TAHOE PROSPERITY CENTER

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

1. Form of Organization

Tahoe Prosperity Center (“the Organization”) was incorporated on June 26, 2011 and August 29, 2011 as a non-profit corporation in the states of Nevada and California, respectively. The Tahoe Prosperity Center was created at the recommendation of the Tahoe Prosperity Plan in 2010 to act as the steward for identified strategies therein. The purpose of Tahoe Prosperity Center is to convene and support economic development initiatives which would have the effect of improving the quality of life for businesses and residents while promoting environmental stewardship and sustainability within the Lake Tahoe Basin and adjoining regions.

The 2010 Lake Tahoe Basin Prosperity Plan identified a variety of economic trends, opportunities and constraints within the region and suggested several initiatives aimed at improving the region’s economy which the Organization was created to spearhead. These initiatives are informed and driven by locally-focused community indicator data that are found in the Organization’s Measuring for Prosperity Reports. The Organization collaborates with local businesses, jurisdictions, non-profits and community members to advance data-driven initiatives that benefit the environment, community and economy of the region.

Tahoe Prosperity Center’s ongoing programs/projects include the following:

- (1) **Envision Tahoe** - In 2021, the Tahoe Prosperity Center was selected by the U.S. Economic Development Administration to facilitate a Regional Economic Recovery and Resiliency Strategy for the people of the Tahoe-Truckee Region based upon its ongoing work with partners in housing, broadband, and workforce development. The Organization launched Envision Tahoe: Prosperity Plan 2.0. This work began with an initial report to analyze “baseline” conditions, followed by a second report that collected and synthesized input from stakeholders throughout the Tahoe community. In June 2021, the Organization released its Envision Tahoe Prosperity Playbook, a shared action plan for economic resilience, investment and community inclusion.
- (2) **Housing Tahoe** - The Tahoe Prosperity Center initiated the Housing Tahoe Partnership in April 2018 in order to promote the proposition that if you work in Tahoe, you should be able to live in Tahoe. Local jurisdictions, businesses, foundations, and over 100 residents from the South Shore helped the Organization identify strategies to add more local housing options as part of this effort. Based upon that partnership’s successful efforts, the Organization coordinated the Washoe Tahoe Housing Partnership that resulted in the Washoe Tahoe Housing Needs Assessment for the Incline Village and the Crystal Bay areas of Lake Tahoe.
- (3) **Connected Tahoe** - Connected Tahoe is bringing gigabit-level service to the entire Basin by collaborating with local providers, jurisdictions, the California Public Utilities Commission the “CPUC”), and communities to find the most economically, environmentally, and fiscally solvent broadband solutions for the Tahoe Region. The Organization is working to facilitate broadband infrastructure projects in problem areas

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throughout the Basin. This is being done by working with the CPUC to identify Internet Service Providers (ISPs) that are ready, able, and willing to provide the infrastructure through a push for a Basin-wide “dig once policy” and by ensuring that broadband infrastructure is included in any and all planning efforts in Lake Tahoe.

- (4) Alert Tahoe - ALERTWildfire is a network of nearly 1,000 specialized camera installations used by first responders and volunteers to detect wildfires before they become too big. The cameras also support critical evacuation and firefighting efforts by relaying real-time information when it's needed most. ALERTWildfire is a collaboration between major universities, first responders (CAL Fire, Emergency Services), federal agencies (US Forest Service, Bureau of Land Management), and more, who actively use the strategically placed cameras 24/7 to protect people, homes, and the environment. Refer to Note 2, Funds Held for Others, for additional information.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The financial statements of Tahoe Prosperity Center have been prepared on the accrual basis of accounting. Additionally, information regarding its financial position and activities are classified according to two classes of net assets based upon the existence or absence of donor-imposed restrictions, as follows:

Net Assets Without Donor Restrictions are resources currently available for various programs and administration of Tahoe Prosperity Center.

Net Assets With Donor Restrictions consist of donor restricted contributions. Amounts restricted by the donor for a particular purpose or time period are reported as revenue with donor restrictions when received and such unexpended amounts are reported as net assets with donor restrictions at year end.

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.” There were no time restricted donations as of December 31, 2021.

Contributions

Contributions are recorded at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are recorded as support with donor restrictions. Conditional contributions are recognized when the conditions are substantially met.

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Grants

Grants awarded by entities are generally considered non reciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement or contract are met.

Donated Goods, Facilities, and Services

Donations of goods and facilities (which may include donated use of office space) are recorded at fair value at the date of the gift and reported as gifts without donor restrictions unless the donor has stipulated how long the asset must be used or has restricted the item(s) for a specific purpose.

Contributions of services are recognized at fair value if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing these skills and would typically need to be purchased if not provided by donation. There were no donated services during the year ending December 31, 2021.

Functional Expenses

Tahoe Prosperity Center's expenses are recorded into the functional expense categories of program and facilities, general and administrative, and fund raising based on a combination of direct identification and, when significant, allocation.

To the extent possible, expenses are recorded in the functional category that receives the most benefit. Expenses requiring allocation are allocated based on a reasonable basis that is consistently applied. Wages and benefits are allocated on the basis of estimates for time and effort. Occupancy expenses are allocated based on a combination of square footage and an estimate of time and effort of the employees that occupy the square footage of each office. Insignificant indirect expenses, such as, office supplies and telephone are recorded as general and administrative.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed. Actual results could differ from those estimates.

Liquidity Presentation

In order to provide information about liquidity, assets have been sequenced according to their nearness to conversion to cash and liabilities have been sequenced according to the nearness of their maturity and resulting use of cash.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is created when a contribution's collectability is uncertain. Tahoe Prosperity Center estimates the allowance for doubtful accounts based on factors related to the specific payer's ability to pay and current economic trends. As of December 31, 2021, the allowance for doubtful accounts was \$-0-.

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Cash and Cash Equivalents

For the purposes of the statement of cash flow, cash is defined as highly liquid investments with remaining maturities of three months or less at the time of purchase.

Fixed Assets

Property, furniture, equipment and related costs are capitalized individually at \$2,500 and above and stated at cost.

Depreciation is computed on the straight-line basis over the useful lives of the assets. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account.

Funds Held for Others

Funds held for others are monies received from individuals and organizations to support two different endeavors (1) bar and restaurant employees affected by the Caldor Fire and/or (2) installation of ALERTWildfire cameras across the basin.

Caldor Fire: As of December 31, 2021, all funds raised for the Caldor Fire were disbursed to the Tahoe Chamber to distribute to effected individuals.

ALERTWildfire: Tahoe Prosperity Center collects funds for this program and remits all funds received, minus a 10% management fee to ALERTWildfire. As of December 31, 2021, a total of \$130,179 was due to the Nevada Research and Innovation Corporation, who facilitates the installation efforts for ALERTWildfire.

Income Taxes

Tahoe Prosperity Center is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and a similar exemption for California purposes. Tahoe Prosperity Center is not classified as a private foundation. Unrelated business income, if any, is taxed at regular corporate tax rates.

Management believes Tahoe Prosperity Center has met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore, no provision for taxes has been provided in these financial statements. Tahoe Prosperity Center's Federal tax returns for the past three years and State tax returns for the last four years are subject to examination by tax authorities.

Advertising

Advertising costs are expensed as incurred. For the year ended December 31, 2021, advertising costs totaled \$6,691.

3. Concentrations of Credit Risk

Tahoe Prosperity Center maintains accounts at a national bank. The balance in these accounts exceeded the federally insured limits by \$96,000. The Organization has not experienced any

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losses in such accounts and feel that the financial institution is secure and the risk of loss is minimal.

4. Net Assets With Donor Restrictions

Restricted net assets at December 31, 2021 include:

	<u>2021</u>
Recovery	<u>\$ 4,307</u>
	<u>\$ 4,307</u>

5. Liquidity and Availability of Resources

Tahoe Prosperity Center's goal is to cover general expenditures through donations received without donor restrictions. This is done through board member agency, board, corporate, jurisdiction and individual gifts.

General expenditures include all recurring, predictable expenses such as salaries and benefits, office, travel, program, and ongoing professional services. Depreciation and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes project expenses.

Program expenses have largely been covered by donations received with donor restrictions. However, other donations received without donor restrictions are also used.

At December 31, 2021 the following financial assets were available to meet general expenditures over the next twelve months:

Financial Assets at Year End	<u>2021</u>
Cash	\$ 336,007
Accounts Receivable	25,500
Total financial assets	<u>361,507</u>
Adjustments:	
Less: Net assets with donor restrictions (See Note 5)	<u>(4,307)</u>
Financial Assets Available	<u>\$ 357,200</u>

6. Sources of Revenue

For the year ended December 31, 2021, all sources of revenue were individually 9% or less of current revenue and not considered by management to be individually significant to overall operations.

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7. Donated Goods, Services and Facilities

The following amounts are recognized in the financial statements for the year ending December 31:

	<u>2021</u>	
Use of facilities/meeting rooms	<u>\$ 3,811</u>	Administrative
Total	<u><u>\$ 3,811</u></u>	

8. Subsequent Events

Subsequent events have been evaluated by management through January 18, 2022 the date that the statements were available for issuance, and no events material to the financial statements were identified.