

INLAND ACTION, INC.

**Financial Statements
with
Independent Accountants' Compilation Report**

**For the Year Ended
December 31, 2020**

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To the Board of Directors
Inland Action, Inc.

Management is responsible for the accompanying financial statements of Inland Action, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Spafford & Landry
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FOR DISTRIBUTION

March, xx, 2021

INLAND ACTION, INC.

Statement of Financial Position

December 31, 2020

Assets

Cash and cash equivalents	\$	76,354
Certificates of deposit		57,853
Accounts receivable		4,870
Prepaid expenses		1,209
Security deposit		640
Equipment, net of accumulated depreciation of \$24,681		<u>29,826</u>

Total assets	\$	<u>170,752</u>
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Liabilities

Accounts payable	\$	244
Accrued payroll taxes		3,029
Deferred income		<u>56,619</u>

Total liabilities		<u>59,892</u>
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Net assets - Without donor restrictions		<u>110,860</u>
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Total liabilities and net assets	\$	<u>170,752</u>
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*The accompanying notes are an integral part of this financial statement.
See independent accountants' compilation report.*

INLAND ACTION, INC.

Statement of Activities

For the Year Ended December 31, 2020

Revenues

Dues	\$	221,038
Sponsorships		3,300
Interest income		929
Total revenues		<u>225,267</u>

Expenses

Program services		
Legislative activities		99,158
Other membership activities		17,143
Supporting services		
Management and general		83,605
		<u>199,906</u>

Net increase (decrease) in net assets 25,361

Net assets - Without donor restrictions

Balance, beginning of year 85,499

Balance, end of year \$ 110,860

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*The accompanying notes are an integral part of this financial statement.
See independent accountants' compilation report.*

INLAND ACTION, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2020

	<u>Legislative Activities</u>		<u>Total</u>
	<u>Washington D.C.</u>	<u>Local</u>	<u>Legislative</u>
			<u>Activities</u>
Salaries	\$ 2,425	\$ 58,198	\$ 60,623
Payroll taxes	192	4,616	4,808
Workers' Compensation	7	169	176
Costs for legislative activities:			
Food and beverage	-	1,269	1,269
Meals and entertainment	3,703	-	3,703
Travel and lodging	28,579	-	28,579
Education & Training	-	-	-
Rent	-	-	-
Contract repairs and maintenance	-	-	-
Depreciation	-	-	-
Insurance	-	-	-
Outside services			
Website	-	-	-
Professional services	-	-	-
Office supplies	-	-	-
Taxes and licenses	-	-	-
Postage	-	-	-
Miscellaneous	-	-	-
Total functional expenses	<u>\$ 34,906</u>	<u>\$ 64,252</u>	<u>\$ 99,158</u>

Other Membership Activities	Total Program	Management and General	Total
\$ 10,514	\$ 71,137	\$ 58,255	\$ 129,392
834	5,642	4,620	10,262
31	207	169	376
-	1,269	-	1,269
-	3,703	-	3,703
-	28,579	-	28,579
-	-	900	900
-	-	5,224	5,224
-	-	4,822	4,822
5,764	5,764	552	6,316
-	-	2,813	2,813
-	-	873	873
-	-	4,320	4,320
-	-	70	70
-	-	20	20
-	-	66	66
-	-	901	901
<u>\$ 17,143</u>	<u>\$ 116,301</u>	<u>\$ 83,605</u>	<u>\$ 199,906</u>

*The accompanying notes are an integral part of this financial statement.
See independent accountants' compilation report.*

INLAND ACTION, INC.

Statement of Cash Flows

For the Year Ended December 31, 2020

Cash flows from operating activities	
Change in net assets	\$ 25,361
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	6,316
Bad debt expense	877
(Increase) decrease in:	
Accounts receivable	(1,617)
Prepaid expenses	4,031
Increase (decrease) in:	
Accounts payable	(2,254)
Accrued payroll taxes	102
Deferred income	722
Net cash provided by (used in) operating activities	33,538
Cash flows from investing activities	
Increase in certificate of deposits	(929)
Purchase of property and equipment	(15,674)
Net cash provided by (used in) investing activities	(16,603)
Net decrease in cash and cash equivalents	16,935
Cash and cash equivalents	
Balance, beginning of year	59,419
Balance, end of year	\$ 76,354

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

See independent accountants' compilation report.

INLAND ACTION, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Activities

Inland Action, Inc. (the Organization) was incorporated on September 17, 1962 under the California Nonprofit Corporation Law for the purpose of assisting and encouraging the economic well-being and betterment of the Inland Empire region of Southern California. Membership in Inland Action, Inc. is voluntary for any person, association, corporation, partnership, or estate having an interest in the objectives of the Organization. Inland Action Inc.'s major activities and programs include legislative activities in Sacramento, California and Washington D.C. as well as the local area and includes meetings with legislators and other government officials.

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of cash receipts and disbursements. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of these financial statements. A description of the significant accounting policies employed in the preparation of these financial statements follows:

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities in two classes of net assets:

- *Net assets without donor restrictions* are net assets not subject to donor-imposed restrictions or law.
- *Net assets with donor restrictions* are net assets subject to donor-imposed restrictions that can be fulfilled by actions of the chapter pursuant to those restrictions or that expire by the passage of time.

Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash held in checking and money market accounts and time deposits, certificates of deposit, and other highly liquid investments with original maturities of three months or less.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation or by the Security Investor Protection Corporation up to \$250,000. At December 31, 2020, the Organization had no uninsured balances.

See independent accountants' compilation report.

INLAND ACTION, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Deferred Revenue

Membership dues collected prior to the fiscal year to which they apply are deferred and recognized over the periods to which the dues relate.

Revenues

The Organization records revenues when earned, which consists primarily of dues and sponsorships for the Organization's activities.

Equipment

Equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. The Organization uses the straight-line method for depreciation of equipment over the estimated useful life of the asset, which is from five to seven years.

Maintenance and repairs are charged to expense as incurred. Equipment purchased or received by donation in excess of \$150 is capitalized.

Tax Status

Inland Action, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. Inland Action, Inc. has previously received letters of determination from the Internal Revenue Service and the California Franchise Tax Board, which state that the Organization is exempt from taxation.

Management believes that all of the positions taken by the Organization in its federal and state income tax returns are more likely than not to be sustained upon examination. The Organization's tax returns are subject to examination by the Internal Revenue Service and the California Franchise Tax Board, for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function and therefore, require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel expenses and depreciation. These expenses are either allocated on a basis of time efforts and purpose.

See independent accountants' compilation report.

INLAND ACTION, INC.

Notes to Financial Statements

2. Equipment

At December 31, 2020, the Organization's equipment included the following:

Furniture and office equipment	\$ 16,948
Computer and zoom equipment	12,842
Website	<u>24,717</u>
	54,507
Less: accumulated depreciation	<u>(24,681)</u>
Balance, December 31, 2020	<u>\$ 29,826</u>

3. In-Kind Rent

The Inland Valley Development Agency (IVDA), a member of the Organization, provided a small office and a telephone line, in exchange for monthly dues payment of approximately \$285. Total in-kind rent paid was \$3,423.

4. Liquid Resource Management

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of December 31, 2020, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 76,354
Certificates of deposit	57,853
Accounts receivable	<u>4,870</u>
Financial assets available for general expenditure over next 12-months	<u>\$ 139,077</u>

In addition to the financial assets available to meet general expenditures over the next 12-months noted above, the Organization has other current assets and deferred revenue that will likely be converted to cash or available for general expenditures during the normal course of next year's operations. Such current assets include the Organization's prepaid expenses.

See independent accountants' compilation report.

INLAND ACTION, INC.

Notes to Financial Statements

5. Subsequent Events

Events or transactions that occurred after December 31, 2020 up through March xx, 2021, the date the Organization's financial statements were available for issuance, were reviewed for subsequent event accounting and disclosure.

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