



Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

WORDS ALIVE Audited Financial Statements Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
WORDS ALIVE

Opinion

We have audited the accompanying financial statements of Words Alive (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 financial statements referred to above present fairly, in all material respects, the financial position of Words Alive as of June 30, 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. 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 Words Alive 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 Words Alive'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 Words Alive'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 Words Alive'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

We have previously audited Words Alive's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



December 22, 2022

Sonnenberg & Company, CPAs

WORDS ALIVE
Statement of Financial Position
June 30, 2022
(With Comparative Information for June 30, 2021)

	2022	2021
ASSETS		
Cash & cash equivalents	\$ 843,301	\$ 374,001
Accounts receivable	-	4,757
Contributions receivable	64,355	20,000
Prepaid expenses	2,578	6,714
Office equipment, net	8,200	13,120
Endowment at The San Diego Foundation	12,981	13,535
Total Assets	\$ 931,415	\$ 432,127
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable & accrued expenses	\$ 34,549	18,659
Payroll liabilities	21,954	27,569
Paycheck Protection Program forgivable loan	-	21,216
Capital lease obligation	8,200	13,120
Total Liabilities	64,703	80,564
 Net Assets		
Without donor restrictions	765,161	284,561
With donor restrictions	101,551	67,002
Total Net Assets	866,712	351,563
Total Liabilities & Net Assets	\$ 931,415	\$ 432,127

The accompanying notes are an integral part of the financial statements

WORDS ALIVE
Statement of Activities
For the Year Ended June 30, 2022
(With Summarized Comparative Information for the Year Ended June 30, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
SUPPORT & REVENUE				
Support				
Contributions & grants	\$ 1,036,977	\$ 135,000	\$ 1,171,977	\$ 693,243
Payroll Protection Program grant	21,216		21,216	92,599
In-kind contributions-books & supplies	5,326		5,326	136,234
Special event revenue				
Gross special event revenue	62,314		62,314	64,890
Less: cost of direct benefits to donors	(39,014)		(39,014)	(5,992)
Net special event revenue	<u>23,300</u>		<u>23,300</u>	<u>58,898</u>
Revenue				
Program services	82,114		82,114	34,377
Net investment income (loss)	167	(554)	(387)	4,510
Other income	1,500		1,500	625
Net assets released from restrictions	<u>99,897</u>	<u>(99,897)</u>	<u>-</u>	<u>-</u>
Total Support & Revenue	<u>1,270,497</u>	<u>34,549</u>	<u>1,305,046</u>	<u>1,020,486</u>
EXPENSES				
Program services	544,226		544,226	568,586
Management & general	117,821		117,821	119,675
Fund raising	127,850		127,850	120,326
Total Expenses	<u>789,897</u>	<u>-</u>	<u>789,897</u>	<u>808,587</u>
CHANGE IN NET ASSETS	480,600	34,549	515,149	211,899
NET ASSETS, BEGINNING OF YEAR	<u>284,561</u>	<u>67,002</u>	<u>351,563</u>	<u>139,664</u>
NET ASSETS, END OF YEAR	<u>\$ 765,161</u>	<u>\$ 101,551</u>	<u>\$ 866,712</u>	<u>\$ 351,563</u>

The accompanying notes are an integral part of the financial statements

WORDS ALIVE
Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Summarized Comparative Information for the Year Ended June 30, 2021)

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>2022 Total</u>	<u>2021 Total</u>
EXPENSES:					
Personnel & related expenses					
Salaries	\$ 303,363	\$ 70,007	\$ 93,343	\$ 466,713	\$ 428,025
Payroll taxes	23,402	5,400	7,201	36,003	24,583
Employee benefits	12,848	2,964	3,953	19,765	31,205
Total personnel & related expenses	<u>339,613</u>	<u>78,372</u>	<u>104,496</u>	<u>522,481</u>	<u>483,813</u>
Operating expenses					
Accounting & audit	983	14,202	303	15,488	15,088
Amortization	3,198	738	984	4,920	4,920
Bank & credit card fees		152	3,464	3,616	4,905
Book purchases	78,744			78,744	26,482
Computer, internet, & telephone	28,748	6,634	8,639	44,021	34,001
Contract services		300		300	3,900
Cost of direct benefits to donors			39,014	39,014	5,992
Dues & subscriptions		1,047		1,047	5,741
Employee and volunteer recognition		3,920		3,920	2,940
Insurance		5,022		5,022	4,522
Interest		25		25	3,426
In-kind contributions-books and supplies	5,326			5,326	136,234
Marketing/public relations		2,877	1,393	4,270	1,758
Office rent	11,778	2,718	3,624	18,120	18,120
Office expenses	4,068	939	1,252	6,259	11,049
Printing	3,553	337	2,979	6,869	3,712
Professional development	4,170			4,170	980
Program expenses	42,821			42,821	12,328
Repairs & maintenance	2,332	538	717	3,587	4,662
Scholarships	16,380			16,380	28,810
Travel & transportation	2,511			2,511	1,196
Total operating expenses	<u>204,613</u>	<u>39,449</u>	<u>62,368</u>	<u>306,430</u>	<u>330,766</u>
Total expenses by function	544,226	117,821	166,864	828,911	814,579
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>(39,014)</u>	<u>(39,014)</u>	<u>(5,992)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 544,226</u>	<u>\$ 117,821</u>	<u>\$ 127,850</u>	<u>\$ 789,897</u>	<u>\$ 808,587</u>

The accompanying notes are an integral part of the financial statements

WORDS ALIVE
Statement of Cash Flows
For the Year Ended June 30, 2022
(With Comparative Information for the Year Ended June 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 515,149	\$ 211,899
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss (gain) on investments	554	(2,643)
Amortization	4,920	4,920
(Increase) Decrease		
Accounts receivable	4,757	15,015
Contributions receivable	(44,355)	2,000
Prepaid expenses	4,136	(1,848)
Increase (Decrease) in:		
Accounts payable & accrued expenses	15,890	(19,602)
Payroll liabilities	(5,615)	4,937
Paycheck Protection Program forgivable loan	(21,216)	8,801
Net cash provided by operating activities	474,220	223,479
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on line of credit	-	(20,107)
Principal payments on capital lease obligations	(4,920)	(4,920)
Net cash used in financing activities	(4,920)	(25,027)
Net Increase in Cash & Cash Equivalents	469,300	198,452
Cash & Cash Equivalents at Beginning of Year	374,001	175,549
Cash & Cash Equivalents at End of Year	\$ 843,301	\$ 374,001
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Cash paid for interest	\$ 25	\$ 3,426

The accompanying notes are an integral part of the financial statements

WORDS ALIVE
Notes to Financial Statements
Year Ended June 30, 2022

Note 1. Organization

Words Alive (the Organization) was founded in May 1999 as a California non-profit corporation. The mission of the Organization is to foster literacy. Through the Read Aloud, Teen Services, and Family Literacy programs, the Organization fosters a love of reading among over 5,000 children, teens, and families each month.

The Organization is supported by grants, contributions, and program service revenue.

Note 2. Significant Accounting Policies

Basis of Financial Presentation: The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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) 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.

Cash and Cash Equivalents: The Organization has defined cash and cash equivalents as cash in banks and highly liquid investments with an initial maturity of three months or less. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Accounts and contributions receivable: Accounts receivable consist of trade receivables related to the program services provided. Contributions receivable are unconditional promises to make future gifts. The Organization recognizes a receivable and contribution revenue at the time the promise is made by the donor if it is verifiable, measurable, and probable of collection. Conditional promises to give, which depend on the occurrence of specified future events, are recognized when the conditions are met.

All outstanding balances at year end are analyzed for collectability through a review of specific accounts that factor in historical trends. Based on that analysis, management has determined that no allowance for uncollectable accounts should be established as of June 30, 2022.

WORDS ALIVE
Notes to Financial Statements
Year Ended June 30, 2022

Note 2. Summary of Significant Accounting Policies, continued

Property and Equipment: Property and equipment additions over \$2,000 is recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Investments: Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Compensated Absences: Unpaid employee leave benefits are recognized as liabilities of the Organization. Accrued vacation liability is \$20,509 as of June 30, 2022.

Revenue and Revenue Recognition: Program revenue is recognized when the programs are delivered. Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Donated Securities: The Organization's policy is to sell donated securities upon receipt. Therefore, such donations are immediately converted to cash and included in contributions in the accompanying financial statements.

Donated Services and In-Kind Contributions: Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. Donated professional services are recorded at the respective fair values of the services received if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Contributed goods are recorded at fair value on the date of donation.

Estimates: The preparation of the 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 these estimates, and those differences could be material. Estimates made in the preparation of the financial statements include functional expense allocations.

WORDS ALIVE
Notes to Financial Statements
Year Ended June 30, 2022

Note 2. Summary of Significant Accounting Policies, continued

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 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 benefited. The expenses that are allocated include personnel and related expenses, amortization, computer, internet, and telephone, office rent, and office expenses are allocated on the basis of estimates of time and effort.

Comparative Financial Information: The accompanying 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2021, from which the summarized information was derived. Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Income Taxes: Words Alive is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California State Revenue and Taxation Code. The Organization qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii). Words Alive is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Management has determined that Words Alive is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for the year ended June 30, 2022. Management of Words Alive has evaluated its tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist.

Note 3. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist of cash deposits and accounts and contributions receivable. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per banking institution. As of June 30, 2022, there were combined cash deposits of \$426,280 in excess of FDIC limits. The Organization has not experienced losses in any of these accounts.

Credit risk associated with accounts and contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, and donors supportive of the Organization's mission. The accounts and contribution receivable balances outstanding as of June 30, 2022 were collected in full after year end.

WORDS ALIVE
Notes to Financial Statements
Year Ended June 30, 2022

Note 4. Liquidity and Availability of Financial Assets

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

Cash	\$ 843,301
Contributions receivable	64,355
	907,656
Donor-imposed restrictions	
Subject to expenditure for specified purpose	(68,570)
Restricted for endowment	(12,981)
Financial assets available to meet general expenditures within one year	\$ 826,105

The Organization receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. The Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year.

As part of the Organization'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. Cash in excess of daily requirements is held in money market savings account. The Organization also maintains a \$100,000 line of credit available to meet cash flow needs.

Note 5. Fair Value Measurements and Disclosures

Fair value is defined as the price that would be received to sell an asset in the principal, or most advantageous market, for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. Accounting principles generally accepted in the United States of America establish a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value.

These levels are:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayments, spreads, credit risk, etc.).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

WORDS ALIVE
Notes to Financial Statements
Year Ended June 30, 2022

Note 5. Fair Value Measurements and Disclosures, continued

The following table represents the Organization's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the range of values for those inputs as of June 30, 2022:

<u>Instrument</u>	<u>Fair Value</u>	<u>Principal valuation technique</u>	<u>Unobservable inputs</u>	<u>Significant input values</u>	<u>Weighted average</u>
		Valuation of underlying assets			
Beneficial interest in endowment at The San Diego Foundation	\$ 12,981	as provided by issuer	Base price	N/A	N/A

Note 6. Endowment at The San Diego Foundation

The Organization is the beneficiary of an endowment. The assets, in the possession of the San Diego Foundation, are to be held indefinitely. The Organization has legally enforceable rights and claims to such assets, including the sole right to income therefrom.

The Organization's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. As of June 30, 2022, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA.

The assets are kept in a balance pool that is intended to result in a consistent rate of return. Investment assets are managed to not expose the fund to unacceptable level of risk. Distributable earnings are added to the fund or may be distributed to the Organization to be used for operations.

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

Balance- July 1, 2021	\$ 13,535
Investment earnings, net of fees	<u>(554)</u>
Balance- June 30, 2022	<u>\$ 12,981</u>

WORDS ALIVE
Notes to Financial Statements
Year Ended June 30, 2022

Note 7. Line of Credit

On March 29, 2022, the Organization renewed a line of credit agreement with First Citizens Bank & Trust Company to replace the expired agreement. The credit limit is \$100,000. The interest rate is the prime rate as published in The Wall Street Journal plus 0.5%. Accrued interest and principal, if any, are due at maturity (April 1, 2023). The line of credit is secured by all accounts, general intangibles, inventory, equipment, and other goods and requires the Organization to comply with certain financial and non-financial covenants. There was no outstanding balance as of June 30, 2022.

Note 8. Capital Lease

The Organization leases a copier under a 60-month capital lease agreement starting March 2019. The copier is recorded at the fair value in the amount of \$24,600 and amortized over the term of the lease. Amortization expense is \$4,920 for the year ended June 30, 2022. The amount includes finance cost that has not been considered in these financial statements. Minimum future lease payments under the capital lease as of June 30, 2022 are as follows:

June 30,		
2023	\$	4,920
2024		3,280
	\$	<u>8,200</u>

Note 9. Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2022 are as follows:

	July 1, 2021	Additions	Released	June 30, 2022
Subject to expenditure for specified purpose:				
Scholarships	\$ 33,467	\$ 35,000	\$ (51,380)	\$ 17,087
Expansion of Family Literacy Program		80,000	(28,517)	51,483
Subject to the passage of time:				
Contributions receivable that are not restricted by donors, but which are unavailable for expenditure until due	20,000	20,000	(20,000)	20,000
Endowment at The San Diego Foundation	13,535	(554)		12,981
Total	<u>\$ 67,002</u>	<u>\$ 134,446</u>	<u>\$ (99,897)</u>	<u>\$ 101,551</u>

WORDS ALIVE
Notes to Financial Statements
Year Ended June 30, 2022

Note 10. Payroll Protection Program

On April 22, 2020, the Organization received loan proceeds in the amount of \$100,300 under a first draw Paycheck Protection Program (PPP). The Organization has accounted for the PPP loan as a conditional contribution. The Organization used the funds for eligible payroll costs and complied with all terms of the PPP loan. Grant revenue was recorded in the years ended June 30, 2020 and June 30, 2021 based on incurrence of qualifying expenses. On December 2, 2020 the Organization was notified that the eligibility criteria had been met and the loan has been forgiven in full.

On February 3, 2021, the Organization received a second draw loan in the amount of \$101,400 under the PPP. The loan terms are similar to the first draw loan. The Organization used the funds for eligible payroll costs and complied with all terms of the PPP loan. Grant revenue for the second draw loan was recorded in the years ended June 30, 2021 and June 30, 2022 based on incurrence of qualifying expenses. On October 1, 2021 the Organization was notified that the eligibility criteria had been met and the loan has been forgiven in full.

Note 11. In-Kind Donations

For the year ended June 30, 2022, the fair value of donated books used in the Organization's programs was \$4,778. Additionally, donations of various supplies with the estimated fair market value of \$548 were received during the year to be used for the programs. These amounts have been reported as both in-kind contribution revenue and expenses in the statements of activities and functional expenses.

Note 12. Office Facilities Lease

The Organization's office facilities are leased on a month-to-month basis. The monthly rent was \$1,510 for the year ended June 30, 2022. Total expense for the year ended June 30, 2022 was \$18,120.

Note 13. Employee Benefits

The Organization maintains a 403(b) plan for its employees. Employees may defer part of their compensation each year up to a maximum amount allowed by the Internal Revenue Code. The Organization also maintains a "Cafeteria Plan" for the benefit of its employees. Employees can pay certain qualified expenses on a pre-tax basis. No employer contributions were made to the plans for the year ended June 30, 2022.

Note 14. Subsequent Events

The Organization's management has evaluated subsequent events through December 22, 2022, the date the financial statements were available to be issued.

On December 2, 2022, Words Alive received the donation of a building at 770 Park Blvd, San Diego, which will become the Organization's headquarters.