

**CERTIFIED
FINANCIAL STATEMENTS**

CARAVAN TO CLASS

FOR YEARS ENDING
DECEMBER 31, 2021

CARAVAN TO CLASS
SAUSALITO, CALIFORNIA

FINANCIAL STATEMENTS –
CASH BASIS

DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Caravan to Class
Sausalito, California

Management is responsible for the accompanying financial statements of Caravan to Class (a nonprofit organization), which comprise the statement of financial position - cash basis as of December 31, 2021, and the related statement of cash receipts and disbursements - cash basis for the year then ended, and the related notes to the financial statements, in accordance with the cash basis of accounting described in Note 2A. 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 form of assurance on these financial statements.

R. J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
February 7, 2022

Caravan to Class
STATEMENT OF FINANCIAL POSITION - CASH BASIS
December 31, 2021

ASSETS

Cash and cash equivalents	\$ 675,982
	<u>675,982</u>
Total assets	<u>\$ 675,982</u>

NET ASSETS

Net assets without donor restrictions	\$ 675,982
	<u>675,982</u>
Total net assets	<u>\$ 675,982</u>

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

Caravan to Class
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>
Cash receipts:	
Contributions	\$ 302,699
Total cash receipts	<u>302,699</u>
Cash disbursements:	
Program expenses and school operations:	
School construction	\$ 48,885
School support	41,393
Female Adult Literacy	7,739
University scholarship	<u>47,943</u>
Subtotal program expenses and school operations	145,960
Marketing	548
Web development	1,202
Office expenses	629
Accounting	1,050
Fees and other expenses	<u>1,200</u>
Total cash disbursements	<u>150,589</u>
Increase in cash	152,110
Beginning cash	<u>523,872</u>
Ending cash	<u><u>\$ 675,982</u></u>

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

Caravan to Class
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - GENERAL

Caravan to Class (the Organization) is a non-profit public benefit corporation organized in February 2010 for the purpose of supporting education, development and nutrition in both the developing worlds and in California. Current projects focus on bringing primary education to the children of Mali by creating a better learning environment with accredited teachers, improved classroom facilities and school supplies. Additionally, the Organization works to raise awareness of illiteracy in Sub-Saharan Africa through outreach to children and organizations in the United States aligned with the important social justice issue of illiteracy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting - Cash Basis

The financial statements and records of the Organization are prepared on the cash basis of accounting which is not generally accepted accounting principles; rather, another comprehensive basis of accounting. Under this method, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when the related obligation is incurred.

B. Basis of Presentation

On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*.

Under the provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

C. Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit with financial institutions with a maturity of three months or less.

Caravan to Class
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. Contributions

Contributions are recorded as without donor restriction or with donor restrictions depending upon the existence and/or nature of any donor-imposed restrictions.

E. Use of Estimates

The financial statements have been prepared in conformity with the cash basis of accounting and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

F. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

G. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 7, 2022, the date the financial statements were available to be issued.

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes.

The Organization adopted the recognition requirements for uncertain income tax positions with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2021. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Caravan to Class
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4 - CASH AND CASH EQUIVALENTS

The cash balances as of December 31, 2021 were as follows:

Bank of America	\$ 308,056
Merrill Lynch	<u>367,926</u>
Total	<u>\$ 675,982</u>

The account balances with the financial institutions were insured under the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC). The remaining balances were uninsured and held by the financial institutions in the Organization's name. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

NOTE 5 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating and other reserves that could be drawn upon if the governing board approves that action.

Cash and cash equivalents	<u>\$ 675,982</u>
Total financial assets	675,982
Donor-imposed restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 675,982</u>

NOTE 6 - CONTINGENCY - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the Organization's operations included restrictions on employees' and volunteers' ability to work, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.