OUTSIDETHELENS

FINANCIAL STATEMENTS

DECEMBER 31, 2023

Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

OUTSIDE THE LENS
FINANCIAL STATEMENTS
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Independent Auditor's Report

To the Board of Directors
Outside the Lens

Opinion

We have audited the accompanying financial statements of Outside the Lens (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 Outside the Lens as of December 31, 2023, 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 Outside the Lens, 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 Outside the Lens' 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, including omissions, 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.

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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 Outside the Lens' 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 Outside the Lens' 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.

Leaf & Cole LLP

San Diego, California
August 9, 2024

OUTSIDE THE LENS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

Assets: (Notes 2 and 4)		
Cash and cash equivalents	$	957,135
Accounts receivable		308,584
Prepaid expenses		3,788
Deposit		13,226
Right-of-use-asset - operating lease, net		153,807
Furniture and equipment, net		297,306
TOTAL ASSETS	$	1,733,846

LIABILITIES AND NET ASSETS

Liabilities: (Note 2)		
Accounts payable and accrued expenses	$	116,852
Deferred revenue		29,583
Operating lease liability		156,209
Total Liabilities		302,644
Commitments (Note 6)		
Net Assets: (Notes 2 and 5)		
Without donor restrictions		1,096,167
With donor restrictions		335,035
Total Net Assets		1,431,202
TOTAL LIABILITIES AND NET ASSETS	$	1,733,846

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

OUTSIDE THE LENS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Fee for service	$ 1,597,977	$ -	$ 1,597,977
Grants and contributions	384,989	466,069	851,058
In-kind contributions	40,172	-	40,172
Other income	919	-	919
Net assets released from restrictions	504,862	(504,862)	-
Total Revenue and Support	2,528,919	(38,793)	2,490,126
Expenses:			
Program Services	1,701,358	-	1,701,358
Supporting Services:			
Management and general	309,301	-	309,301
Fundraising	214,189	-	214,189
Total Supporting Services	523,490	-	523,490
Total Expenses	2,224,848	-	2,224,848
Change in Net Assets	304,071	(38,793)	265,278
Net Assets at Beginning of Year	792,096	373,828	1,165,924
NET ASSETS AT END OF YEAR	$ 1,096,167	$ 335,035	$ 1,431,202

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

OUTSIDE THE LENS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries and Related Expenses				
Salaries	$ 1,088,586	$ 167,474	$ 139,562	$ 1,395,622
Payroll taxes	86,042	13,237	11,031	110,310
Employee benefitss	43,300	6,661	5,551	55,512
Total Salaries and Related Expenses	1,217,928	187,372	156,144	1,561,444
Nonsalary Related Expenses				
Cameras across cultures	854	-	-	854
Depreciation	26,665	4,102	3,419	34,186
Dues and subscriptions	26,729	4,112	3,427	34,268
Equipment	37,009	11,463	3,685	52,157
Insurance	13,402	2,062	1,718	17,182
Marketing and advertising	64	22,689	1,637	24,390
Moving	250	1,538	-	1,788
Office expenses	2,062	13,014	283	15,359
Other expenses	7,016	3,552	6,428	16,996
Printing	2,261	2,980	3,068	8,309
Professional services	69,692	25,295	4,713	99,700
Program expense	176,378	10,098	14,143	200,619
Rent	56,682	11,122	7,267	75,071
Repairs and maintenance	16,990	2,614	2,178	21,782
Staff development	12,717	1,956	1,630	16,303
Taxes and licenses	201	31	31	263
Utilities	11,410	1,755	1,463	14,628
Volunteer services	23,048	3,546	2,955	29,549
TOTAL EXPENSES	$ 1,701,358	$ 309,301	$ 214,189	$ 2,224,848

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

OUTSIDE THE LENS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows From Operating Activities:	
Change in net assets	$ 265,278
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	34,186
Amortization of right-of-use asset - operating lease	64,031
(Increase) Decrease in:	
Accounts receivable	(126,206)
Prepaid expenses	5,676
Increase (Decrease) in:	
Accounts payable and accrued expenses	36,852
Deferred revenue	29,583
Operating lease liability	(61,629)
Net Cash Provided by Operating Activities	247,771
Cash Flows From Investing Activities:	
Payments for deposits	2,051
Purchase of furniture and equipment	(223,379)
Net Cash Used in Investing Activities	(221,328)
Net Increase in Cash and Cash Equivalents	26,443
Cash and Cash Equivalents at Beginning of Year	930,692
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 957,135
Supplemental Disclosure of Cash Flow Information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash outflows from operating leases	$ 67,914
Non-cash investing activities:	
Additions to Right-of-use asset obtained from new operating lease	$ 217,838

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

Note 1 - Organization:

Outside the Lens (the "Organization") is a California Not-For-Profit Corporation organized on March 27, 2009. The Organization's mission is to engage, educate and empower youth on issues affecting the world today through photography and multi-media projects.

Note 2 - Significant Accounting Policies:

Accounting Method

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

Financial Statement Presentation

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 thereon 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.

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.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments at December 31, 2023.

Note 2 - Significant Accounting Policies: (Continued)

Allowance for Credit Losses

The Organization recognizes an allowance for credit losses on accounts receivable to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the statement of financial position date, aging reports and historical information. Accounts receivables are written off when the Organization determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Management believes that all accounts receivable were fully collectible; therefore, no allowance for credit losses on accounts receivable was recorded at December 31, 2023.

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of $5,000 for furniture and equipment at cost, while donations of furniture and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire furniture and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Furniture and equipment is depreciated using the straight-line method over the estimated useful asset lives as follows:

Furniture and equipment	5 - 7 years

Depreciation totaled $34,186 for the year ended December 31, 2023.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid vacation totaling $23,898 at December 31, 2023 is accrued when incurred and included in accounts payable and accrued expenses.

Revenue Recognition

Fee For Service

Fee for service revenue is recognized in the period in which the related work is performed in accordance with the terms of the contract. Accounts receivable are recorded when revenue earned under a contract exceeds the cash received. Accounts receivable totaled $183,794 at December 31, 2023. Deferred revenue is recorded when cash received under a contract exceeds the revenue earned. Deferred revenue totaled $29,583 at December 31, 2023.

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition (Continued)

Grant Revenue

Grant revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant. Accounts receivable is recorded when revenue earned under a grant exceeds the cash received. Deferred revenue is recorded when cash received under a grant exceeds the revenue earned. Accounts receivable totaled $124,790 at December 31, 2023.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Donated Services and Goods

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the year ended December 31, 2023 did not meet the requirements above, therefore no amounts were recognized in the financial statements.

The Organization has received donations of donated goods. The donations are recorded at their fair value, and totaled $40,172 for the year ended December 31, 2023, and have been included in in-kind contributions and equipment for the year ended December 31, 2023.

2023

Items Donated	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Computer Equipment	$40,172	Program services	No associated donor restrictions	Estimated the fair value on the basis of estimate of current market price that would be received for selling similar products in the United States.

Note 2 - Significant Accounting Policies: (Continued)

Functional Allocation of Expenses

The statement of functional expenses present expenses by function and natural classification. The Organization allocates its expenses on a functional basis among its program and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records and estimates made by the Organization's management.

Income Taxes

The Organization is a public charity and 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. The Organization believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization is not a private foundation.

The Organization's Return of Organization Exempt from Income Tax for the years ended December 31, 2023, 2022, 2021 and 2020 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Lease

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets – operating and lease liability – operating, and finance leases are included in right-of-use ("ROU") assets – financing and lease liability – financing in the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Note 2 - Significant Accounting Policies: (Continued)

Accounting Pronouncements Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, *Financial Instruments – Credit Losses ("Topic 326")* to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. FASB ASU 2016-13 affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

The standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset.

FASB ASU 2016-13 was adopted January 1, 2023 on a prospective transition approach. With respect to accounts receivables, ASU 2016-13 did not have a material impact on the financial statements.

Subsequent Events

The Organization has evaluated subsequent events through August 9, 2024, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

Note 3 - Liquidity and Availability

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Organization considers contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations, to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs, as well as the conduct of services undertaken to support activities, to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, are comprised of the following at December 31, 2023:

Financial Assets:	
Cash and cash equivalents	$ 957,135
Accounts receivable	308,584
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,265,719

In addition, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4 - Furniture and Equipment:

Furniture and equipment consist of the following at December 31, 2023:

Furniture and equipment	$ 409,688
Subtotal	409,688
Less: Accumulated depreciation	(112,382)
Furniture and equipment, Net	$ 297,306

Note 5 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by the Organization, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at December 31, 2023:

Subject to Expenditure for Specified Purpose:	
Programs	$ 136,785
Exposure	57,000
Cameras in communities	22,500
California Arts Council	18,750
Total Subject to Expenditure for Specified Purpose	235,035
Subject to the Passage of Time:	
Contributions with time restrictions	100,000
Total Net Assets with Donor Restrictions	$ 335,035

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors are as follows for the year ended December 31, 2023:

Purpose Restrictions Accomplished:	
K-12 Community	$ 208,835
Programs	188,546
Media Makers	53,981
Veterans in Art	50,000
Equipment	3,500
Total Net Assets Released From Restrictions	$ 504,862

Note 6 - Commitments:

Pension Plan

The Organization has established a 401(k) plan for employees on January 1, 2022. The plan was created to allow non-elective employer contribution for all eligible employees who have attained age 21 and completed 6 months of service. Employer contributions totaled $3,935 for the year ended December 31, 2023.

Operating Lease

The Organization leased office facilities under two one year lease agreements through February 2023. The Organization entered into an office lease agreement under an operating lease through January 31, 2026. Monthly rent payments are $6,174 per month, and increase by 3.5% annually on February 1 through January 31, 2026, and the lease has one 24-month renewal option. Rent expense totaled $72,669 for the year ended December 31, 2023, and is included in rent expense in the statement of functional expenses.

Note 6 - Commitments: (Continued)

Operating Lease (Continued)

The following summarizes the line items on the statement of financial position for the operating lease at December 31, 2023:

Operating lease right-of-use asset	$ 153,807
Operating lease liability – current portion	$ 72,054
Operating lease liability - less current portion	84,155
Total Operating Lease Liability	$ 156,209

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2023:

Weighted average remaining lease term - Operating	25 months
Weighted average discount rate	3.75%

The following summarizes the line items in the statement of activities which include the components of lease expense for the year ended December 31, 2023:

Rent expense	$ 75,071
Total Lease Cost	$ 75,071

The following summarizes cash flow information related to leases for the year ended December 31, 2023:

Operating cash flows from operating leases	$ 72,353

The following is a schedule of future minimum lease payments under the lease:

Years Ended December 31	
2024	$ 76,464
2025	79,133
2026	6,619
Total	162,216
Less: Discount	(6,007)
Present Value of Lease Liabilities	$ 156,209