

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

December 31, 2024



Gurseley | Schneider ^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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Independent Auditor's Report

To the Board of Directors
Rideback Rise, Inc.
Los Angeles, California

Opinion

We have audited the financial statements of Rideback Rise, Inc. (the "Organization"), a California nonprofit public benefit corporation, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, 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 (GAAS). 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 the Organization 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 the Organization's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Gursey | Schneider LLP

September 19, 2025
Los Angeles, California

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	784,589
Investments, at fair value		993,711
Contributions receivable, net		708,254
Prepaid expenses		<u>25,502</u>

TOTAL CURRENT ASSETS 2,512,056

OTHER ASSETS

Property and equipment, net		21,107
Right-of-use asset, operating lease		<u>194,848</u>

TOTAL OTHER ASSETS 215,955

TOTAL ASSETS \$ 2,728,011

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	34,851
Right-of-use liability, operating lease, current portion		<u>215,090</u>

TOTAL CURRENT LIABILITIES 249,941

OTHER LIABILITIES

Right-of-use liability, operating lease, non-current portion		<u>-</u>
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TOTAL LIABILITIES 249,941

NET ASSETS

Without donor restrictions		1,386,030
With donor restrictions		<u>1,092,040</u>

TOTAL NET ASSETS 2,478,070

TOTAL LIABILITIES AND NET ASSETS \$ 2,728,011

See Accompanying Notes to Financial Statements

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 187,030	\$ 952,040	\$ 1,139,070
Investment income, net	71,144	-	71,144
Rental and other income	4,364	-	4,364
	<u>262,538</u>	<u>952,040</u>	<u>1,214,578</u>
<u>Special events:</u>			
Gross cash contributions	70,452	-	70,452
Less: direct costs	<u>(68,023)</u>	<u>-</u>	<u>(68,023)</u>
Special events, net	<u>2,429</u>	<u>-</u>	<u>2,429</u>
Net assets released from restrictions	<u>248,072</u>	<u>(248,072)</u>	<u>-</u>
TOTAL REVENUES	<u>513,039</u>	<u>703,968</u>	<u>1,217,007</u>
EXPENSES			
Program services	1,131,181	-	1,131,181
Management and general	216,434	-	216,434
Fundraising	168,262	-	168,262
	<u>1,515,877</u>	<u>-</u>	<u>1,515,877</u>
CHANGE IN NET ASSETS	(1,002,838)	703,968	(298,870)
NET ASSETS, BEGINNING OF YEAR	<u>2,388,868</u>	<u>388,072</u>	<u>2,776,940</u>
NET ASSETS, END OF YEAR	<u>\$ 1,386,030</u>	<u>\$ 1,092,040</u>	<u>\$ 2,478,070</u>

See Accompanying Notes to Financial Statements

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services	Management and General	Fundraising	Total
Equipment	\$ 2,716	\$ 9,372	\$ -	\$ 12,088
Depreciation	-	7,876	-	7,876
Grants and direct assistance	217,777	-	-	217,777
Insurance	582	26,212	-	26,794
Occupancy	254,515	33,227	-	287,742
Office	42,758	14,105	5,310	62,173
Outside services	265,098	525	73,020	338,643
Payroll taxes	17,193	2,648	5,654	25,495
Professional services	8,095	71,384	-	79,479
Repairs and maintenance	-	13,162	-	13,162
Salaries and wages	228,011	35,120	74,984	338,115
Travel and meetings	94,436	2,803	9,294	106,533
	<u>\$ 1,131,181</u>	<u>\$ 216,434</u>	<u>\$ 168,262</u>	<u>\$ 1,515,877</u>

See Accompanying Notes to Financial Statements

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (298,870)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	7,876
Net realized and unrealized investment gains, net	(64,017)
Amortization of right of use asset	19,742
(Increase) decrease in assets:	
Contributions receivable, net	(370,182)
Prepaid expenses	4,063
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	<u>(244,954)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(946,342)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchase of property and equipment	(14,476)
Purchase of investments	(12,740,094)
Proceeds from sale of investments	<u>11,810,400</u>
NET CASH USED IN INVESTING ACTIVITIES	(944,170)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,890,512)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,675,101</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 784,589</u>

See Accompanying Notes to Financial Statements

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2024

NOTE 1 - NATURE OF ORGANIZATION

Rideback Rise, Inc. (the "Organization") is a California nonprofit public benefit corporation seeking to promote diverse representation in popular entertainment in order to improve racial equity and create a more inclusive society. Specifically, the Organization believes that by mainstreaming content that reflects America's multicultural society, it can reshape public opinion and eliminate prejudice and discrimination, as described below.

The Organization is creating a system of change designed to reshape majority opinions by ensuring that creators of all backgrounds can tell their stories and see themselves in popular culture. In pursuit of its charitable and educational purposes, the Organization will implement a robust accelerator program to support emerging BIPOC (Black, Indigenous, and people of color) talent financially and creatively, providing them the infrastructure to achieve breakthrough success.

The flagship program of Rideback Rise, *The Rise Fellowship*, identifies an annual cohort of Fellows who are supported financially and creatively to make mainstream film, television, digital and audio content, and technology projects aimed at advancing racial equity. Fellows are experienced and established writers, filmmakers, and creative entrepreneurs from throughout the industry.

In addition to supporting Rise Fellows, Rideback Rise supports the Rise Residents, a second cohort of ten experienced writers, filmmakers and creative entrepreneurs who also are supported financially and in the development of mainstream entertainment projects.

Rideback Rise also helps the next generation of creative talent through the Rise Circle, a network of several hundred aspiring writers, filmmakers and performers who take part in and directly benefit from the Rideback Rise programming provided to Rise Fellows and Residents, including master classes taught by top industry creatives, performance showcases and networking events.

Rideback Rise's key programs include:

- Structured Collaboration
- Coaching Sessions & Mentorship
- Training Events and Workshops
- Performance Showcases
- Networking and Speaking Events
- An IP Fund

Rideback Rise's programs may include:

- Investment in BIPOC Businesses
- Grantmaking to Other 501(c)(3) Organizations

The Organization's support primarily comes from donor contributions and the general public.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements are prepared using the accrual basis of accounting where revenue is recognized when earned and expenses are recognized as incurred. The basis of accounting conforms to generally accepted accounting principles ("GAAP").

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts and classification of assets, liabilities, revenues, and expenses for the year as reported in the financial statements. Actual results could differ from those estimates.

Investments - The Organization accounts for its investments at fair value, determined by quoted market prices. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded based on the record date. Interest income is recorded as earned on an accrual basis. Bond premiums and discounts are amortized to the first call date using a method that approximates the effective interest method. Realized gains and losses are recorded upon disposition of securities. Unrealized gains and losses on investments resulting from fair value fluctuations are recorded in the statement of activities in the period that such fluctuations occur.

Investment securities, in general, are exposed to various risks and factors that determine the fair value of such security, including (1) the fundamental business data relating to the issuer, (2) an evaluation of the forces that influence the market in which these securities are purchased and sold, (3) type of holding, (4) financial statements of the issuer, (5) cost at the date of purchase, (6) size of holding, (7) credit quality and cash flow of issuer based on external analysis, (8) information as to any transactions in or offers for the holding, (9) economic factors and (10) other relevant factors. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statement of financial position and statement of activities and changes in net assets.

Concentrations of Risk - The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) guarantee accounts up to \$250,000 per account. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

As of and for the year ended December 31, 2024, four donors comprised substantially all current year contributions revenue. No other donor comprised more than 10% of contributions revenue.

Cash and Cash Equivalents - For financial statement purposes, the Organization considers cash on hand, deposits in bank, money market accounts and certificates of deposit with original maturities of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents approximates its fair value on December 31, 2024.

Contributions and Grants Receivable - Contributions receivables are recorded when accrued and are stated at the amount management expects to collect. Grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. On December 31, 2024, no valuation allowance was deemed necessary.

Fellowship and Stipend Awards - Awarded fellowships and stipends are charged against the relevant program when authorized by Rideback Rise. The actual payment of the fellowship awards and stipends may not necessarily occur in the year of authorization. All of these awards are expected to be paid within one year.

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Functional Expenses - The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. During the year, such costs are accumulated into separate groupings either as direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Property and Equipment - Acquisition of property and equipment more than \$1,000 is capitalized at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of the assets of 5 years, using the straight-line method.

Leases - The Organization determines if an arrangement contains a lease at inception. Right-of-use ("ROU") assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease.

Lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The Organization uses an estimate of the risk-free interest rate (estimated to be 4.95%) as the rate implicit in the lease as the explicit rate is not readily available.

Rental Income - The Organization leases portions of its property under short-term rental arrangements. Rental income from these agreements is recognized as revenue in the period to which the rental relates. Such arrangements are considered short-term leases and therefore, rental income is not subject to straight-line recognition, but instead is recorded as earned when the right to use the space is provided.

Net Asset Accounting - To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of net assets accounting. Net assets, revenues, and releases from restriction are classified based on the existence or absence of donor-imposed or board-imposed restrictions. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- *Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions, including the net investment in fixed assets, gifts with no donor restriction and current funds without donor restriction.
- *With Donor Restrictions* - Net assets that are subject to donor-imposed restrictions that limit the use of their contributions. Donor restrictions may result in temporarily restricted net assets, where donor limits the use of contributions-imposed stipulations that either expire by the passage of time or when used for specified purposes. Donor restrictions may also result in permanently restricted net assets, where the donor stipulations neither expire by the passage of time nor can they be fulfilled or otherwise removed by Rideback Rise's actions. The Organization had no permanently restricted net assets on December 31, 2024.

Income Taxes - Rideback Rise is a not-for-profit organization that 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 is required to evaluate its tax positions and recognize a liability for any positions that would not be considered "more likely than not" to be upheld under a tax authority examination. If such issues exist, Rideback Rise's policy will be to recognize any tax liability so recorded, including applicable interest and penalties, as a component of income tax expense.

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Rideback Rise may be subject to unrelated business income tax for income from operating activities not related to their exempt purpose. Unrelated business income is taxed based on the applicable statutory federal and state income tax rates for for-profit organizations. Management does not anticipate any income being subject to unrelated business income tax during the current year.

Subsequent Events - Management has reviewed subsequent events through September 19, 2025, the date that the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND FINANCIAL RESOURCES

Financial assets consist of the Organization’s cash and cash equivalents and grants and contributions receivable. The following represents the Organization’s financial assets available to meet cash needs for general expenditures within one year as of December 31, 2024.

Cash and cash equivalents	\$	784,589
Investments, at fair value		993,711
Contributions receivable, net		<u>708,254</u>
		2,486,554
Less: Amounts restricted for time > 1 year		<u>(90,112)</u>
		<u><u>\$ 2,396,442</u></u>

The Organization receives some of its support from purpose-restricted contributions. The table above excludes the purpose-restricted net assets, the Organization recognizes those funds will be available for fulfilling the intended purposes. The Organization believes it has sufficient financial assets to meet obligations for the coming year.

NOTE 4 - INVESTMENTS

The Organization’s investments are reported at fair value in the accompanying statement of financial position. Fair value is defined as the price that would be received upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. A three-tiered hierarchy is employed to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect assumptions market participants would use in pricing the asset developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2024

NOTE 4 – INVESTMENTS - (CONTINUED)

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 - Quoted prices in active markets for identical investments
- Level 2 - Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 - Significant unobservable inputs (including the entity's own assumptions in determining fair value of investments)

In certain cases, the inputs used to measure fair value may fall into distinct levels of the fair value hierarchy. In such cases, the determination for which category within the fair value hierarchy is appropriate is based on the lowest level input that is significant to the fair value measurement in its entirety.

As of December 31, 2024, the Organization's investments consist of the following:

	<u>Amortized Cost</u>	<u>Fair Value</u>
U.S. Treasury Bills	<u>\$ 989,003</u>	<u>\$ 993,711</u>

As of December 31, 2024, the Organization's investments were classified by level within the valuation hierarchy as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Bills	<u>\$ 993,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 993,711</u>

Net Investment income for the year ended December 31, 2024 is summarized as follows:

Interest	\$ 7,127
Realized and unrealized gains, net	<u>64,017</u>
Investment income, net	<u>\$ 71,144</u>

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable on December 31, 2024 are composed of the following:

Amounts due in less than one year	\$ 618,142
Amounts due within one to two years	<u>100,000</u>
	718,142
Less: present value discount	<u>(9,888)</u>
Total contributions receivable, net	<u>\$ 708,254</u>

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2024

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following on December 31, 2024:

Computers	\$ 29,512
Less: accumulated depreciation	<u>(8,405)</u>
 Total property and equipment, net	 <u>\$ 21,107</u>

The depreciation expense was \$7,876 for the year ended December 31, 2024.

NOTE 7 - RIGHT OF USE ASSET AND LIABILITY - OPERATING LEASE

The Organization is a lessee under two operating lease agreements, both of which expire within one year of the balance sheet date. The related right-of-use assets and lease liabilities are recognized in the accompanying balance sheet. Lease expense for the year ended December 31, 2024, was \$287,742. The Organization uses the practical expedient to apply the risk-free interest rate to discount future minimum rental payments which was 4.95% at the time the lease agreements commenced.

The maturities of lease liabilities as of December 31, 2024, were as follows:

Due during the year ending December 31, 2025	\$ 220,000
Less: Imputed interest	<u>(4,910)</u>
 Total lease commitment, net	 <u>\$ 215,090</u>

NOTE 8 - NET ASSETS

The following is a summary of the change in net assets with donor restrictions (temporarily restricted):

	<u>Balance at 12/31/2023</u>	<u>Contributions</u>	<u>Expenditures / Released from Restriction</u>	<u>Ending Balance at 12/31/2024</u>
Purposes and Programs	\$ -	\$ 500,000	\$ -	\$ 500,000
Time Restricted	<u>388,072</u>	<u>452,040</u>	<u>(248,072)</u>	<u>592,040</u>
	<u>\$ 388,072</u>	<u>\$ 952,040</u>	<u>\$ (248,072)</u>	<u>\$ 1,092,040</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

The Organization leases its office space from its founder and chair of the board under a lease agreement. Rent expense under this agreement was \$287,742 for the year ended December 31, 2024. At December 2024, amounts payable to the founder and chair under the lease totaled \$215,090. Management believes that the terms of the lease are consistent with market terms for comparable properties.

Furthermore, the Organization received \$100,000 donation from one board member.