

ONE805, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023

ONE805, INC.
December 31, 2023

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
One805, Inc.
Santa Barbara, California

Opinion

We have audited the accompanying financial statements of One805, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of One805, Inc. 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of One805, Inc. 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 One805, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 One805, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about One805, Inc.'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.

McGowan Muntermann

Santa Barbara, California

January 22, 2025

ONE805, INC.**STATEMENT OF FINANCIAL POSITION**

December 31, 2023

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total 2023
Current Assets			
Cash and cash equivalents	\$ 1,191,834	\$ 423,957	\$ 1,615,791
Accounts receivable	161,012	-	161,012
Total Current Assets	<u>1,352,846</u>	<u>423,957</u>	<u>1,776,803</u>
Total Assets	<u>\$ 1,352,846</u>	<u>\$ 423,957</u>	<u>\$ 1,776,803</u>

LIABILITIES AND NET ASSETS

Current Liabilities			
Accounts payable	\$ 194,711	\$ -	\$ 194,711
Total Current Liabilities	<u>194,711</u>	<u>-</u>	<u>194,711</u>
Total Liabilities	<u>194,711</u>	<u>-</u>	<u>194,711</u>
Net Assets			
Without Donor Restrictions			
Operating net assets	<u>1,158,135</u>	<u>-</u>	<u>1,158,135</u>
Total Without Donor Restrictions	1,158,135	-	1,158,135
With Donor Restrictions	<u>-</u>	<u>423,957</u>	<u>423,957</u>
Total Net Assets	<u>1,158,135</u>	<u>423,957</u>	<u>1,582,092</u>
Total Liabilities and Net Assets	<u>\$ 1,352,846</u>	<u>\$ 423,957</u>	<u>\$ 1,776,803</u>

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

ONE805, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total 2023
Public Support and Revenue			
Public Support			
Contributions	\$ 321,936	\$ 423,957	\$ 745,893
Special events (net of expenses of \$1,168,746)	998,785	-	998,785
Interest income	13,115	-	13,115
Net assets released from restrictions	144,000	(144,000)	-
Total Public Support	<u>1,477,836</u>	<u>279,957</u>	<u>1,757,793</u>
Total Public Support and Revenue	<u>1,477,836</u>	<u>279,957</u>	<u>1,757,793</u>
Expenses			
Program Services	<u>484,304</u>	<u>-</u>	<u>484,304</u>
Supporting Services			
Administrative	20,777	-	20,777
Fundraising	34,769	-	34,769
Total Supporting Services	<u>55,546</u>	<u>-</u>	<u>55,546</u>
Total Expenses	<u>539,850</u>	<u>-</u>	<u>539,850</u>
Change in Net Assets	937,986	279,957	1,217,943
Net Assets, Beginning of Year	<u>220,149</u>	<u>144,000</u>	<u>364,149</u>
Net Assets, End of Year	<u>\$ 1,158,135</u>	<u>\$ 423,957</u>	<u>\$ 1,582,092</u>

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

ONE805, INC.**STATEMENT OF FUNCTIONAL EXPENSES**
For the Year Ended December 31, 2023

	Program Services	Administrative	Fundraising	Total 2023
Operating Expenses				
Grants	393,064	-	-	393,064
Advertising and promotions	47,685	-	-	47,685
Professional fees	14,122	-	-	14,122
Accounting and legal	16,728	-	-	16,728
Insurance	11,795	-	-	11,795
Meeting expense	-	3,394	34,769	38,163
Office expenses	910	-	-	910
Software	-	6,798	-	6,798
Bank fees	-	3,042	-	3,042
Storage	-	1,415	-	1,415
Other expenses	-	6,128	-	6,128
Total Operating Expenses	484,304	20,777	34,769	539,850
2023 Total Expenses	\$ 484,304	\$ 20,777	\$ 34,769	\$ 539,850

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

ONE805, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

	<u>2023</u>
Cash Flows from Operating Activities:	
Change in net assets	\$ 1,217,943
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in accounts receivable	(161,012)
Increase in accounts payable	<u>181,525</u>
Net Cash Provided by Operating Activities	<u>1,238,456</u>
Net Increase in Cash	1,238,456
Cash - Beginning of Year	<u>377,335</u>
Cash - End of Year	<u>\$ 1,615,791</u>

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

ONE805, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - ORGANIZATION AND ACTIVITIES

On January 9, 2018, our community was ravaged by a devastating natural disaster. The Montecito Mudflow claimed the lives of twenty-three of our community members and hundreds of homes were destroyed. Already exhausted from battling the Thomas fire for weeks on end, our First Responders, collaborated as never before, to rescue those they could from the sudden devastation.

In the aftermath of the fire and mudslides, we wanted to thank First Responders and show them how much their efforts were appreciated. To that end, a new organization, “One805” was created, hosting the largest non-profit event in Santa Barbara History – The Kick Ash Bash! It brought together actors, entertainers, singers, performers, and most of all, our community in a spirit of healing. First Responders and their families were treated to an amazing day where we were able to put the tragedy behind us. Thanks to the efforts of many, over \$2 million was raised to provide counseling support to First Responders and purchase equipment to directly support victims of the terrible tragedy.

Today, One805 is a permanent 501(c)(3) corporation, raising funds for all three First Responder groups – Fire, Police, and Sheriff – purchasing equipment, supporting public safety and taking care of those who take care of us.

One805 is the only organization that allows you to help all of our First Responders with one donation. There are so many things they all need that cannot be provided from their budgets, so community support has long been the only way they can get their hands on un-budgeted safety items or equipment for which immediate funding is required.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of One805, Inc. have been prepared on the accrual basis of accounting following accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Description of Net Assets

One805, Inc. reports information regarding its financial position and activities in two classes of net assets - with donor restrictions and without donor restrictions - based on the existence or absence of donor-imposed restrictions.

Without Donor Restrictions

Net assets without donor restrictions represent net assets that are not subject to donor-imposed time or use restrictions. Net assets without donor restrictions include board designated funds.

ONE805, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Net Assets (continued)

With Donor Restrictions

Net assets with donor restrictions represent net assets that are subject to donor-imposed time or use restrictions. Net assets with donor restrictions generally include contributions. Earnings on net assets with donor restrictions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as “Net assets released from restrictions.”

Cash and Cash Equivalents

One805, Inc. classifies unrestricted short-term, highly liquid investments having original maturities of three months or less as cash equivalents.

Receivables

Management believes all receivables are fully collectible; therefore, no allowance for uncollectible amounts has been recorded.

Allowance for Credit Losses

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users for the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by One805, Inc. that are subject to the guidance in FASB ASC 326 were accounts receivable.

One805, Inc. adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in the preceding disclosure only.

ONE805, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Significant estimates used in the preparation of these financial statements include allocation of certain expenses by function.

Leases

One805, Inc. has previously adopted FASB ASC 842, Leases. For the year ended December 31, 2023, One805, Inc. had no noncancellable operating or finance leases.

Further, One805, Inc. elected a short-term lease extension policy, permitting One805, Inc. to not apply the recognition requirements of this standard to short-term leases (i.e., leases with terms of 12 months or less) and an accounting policy to account for lease and non-lease components as a single component for certain classes of assets.

Contributions

Contributions received are recorded at their fair value on the date of donation. Contributions receivable are recognized as revenue when committed and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Expenses

One805, Inc. allocates its expenses on a functional basis among its various projects and support services. Expenses that can be identified with a specific project and support service are allocated directly according to their expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Income Taxes

One805, Inc. is a California nonprofit public benefit corporation, which is exempt from income taxes under Internal Revenue Code Section number 501(c)(3) and State of California Revenue and Taxation Code Section 23701(d). One805, Inc. is not currently involved in any activity that is subject to unrelated business income tax; therefore, no provision for income taxes is required. One805, Inc. qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

ONE805, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

One805, Inc. evaluates uncertain tax positions, whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2023, One805, Inc. had no uncertain tax positions requiring accrual. One805, Inc. files tax returns in U.S. federal and California jurisdictions. One805, Inc. is no longer subject to U.S. federal and state tax examinations by tax authorities for the years ending before 2020 and 2019, respectively.

Subsequent Events

One805, Inc. has evaluated subsequent events through January 22, 2025, the date which the financial statements were available to be issued.

Note 3 - CREDIT RISK

One805, Inc. maintains cash balances at several banks insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, balances may exceed federally insured limits. At December 31, 2023, uninsured cash and cash equivalent balances totaled approximately \$1,124,000

Note 4 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by the passage of time or by satisfying the restricted purposes specified by donors. For the year ended December 31, 2023, net assets released from restriction totaled \$144,000.

Note 5 - LIQUIDITY

Financial assets available to meet cash needs for general expenditure for the following year are comprised of current assets and investments, adjusted for amounts unavailable due to illiquidity, endowments and other funds spending policy appropriations beyond one year, and current liabilities payable to vendors, financial institutions, and nonprofit organizations.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2023:

Current assets	
Cash and cash equivalents available within one year	\$ 1,615,791
Accounts receivable	<u>161,012</u>
Total current assets	<u>1,776,803</u>
Current Liabilities	<u>(194,711)</u>
Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2023	<u>\$ 1,582,092</u>