

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

FINANCIAL STATEMENTS

December 31, 2022



Gursey | 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, 2022, 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, 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 (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:

- 1) Exercise professional judgment and maintain professional skepticism throughout the audit.
- 2) 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.
- 3) 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.
- 4) 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.
- 5) 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

October 18, 2023
Los Angeles, California

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2022

ASSETS

ASSETS

Cash and cash equivalents	\$ 2,698,940
Contributions receivable	<u>350,000</u>

TOTAL ASSETS	<u>\$ 3,048,940</u>
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LIABILITIES AND NET ASSETS

NET ASSETS

Without donor restrictions	\$ 2,658,940
With donor restrictions	<u>390,000</u>

TOTAL NET ASSETS	<u>3,048,940</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,048,940</u>
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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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Contributions	\$ 2,659,003	\$ 390,000	\$ 3,049,003
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL REVENUES	 <u>2,659,003</u>	 <u>390,000</u>	 <u>3,049,003</u>
EXPENSES			
Program services	-	-	-
Management and general	63	-	63
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL EXPENSES	 <u>63</u>	 <u>-</u>	 <u>63</u>
 CHANGE IN NET ASSETS	 <u>2,658,940</u>	 <u>390,000</u>	 <u>3,048,940</u>
 NET ASSETS, BEGINNING OF YEAR	 <u>-</u>	 <u>-</u>	 <u>-</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 2,658,940</u></u>	 <u><u>\$ 390,000</u></u>	 <u><u>\$ 3,048,940</u></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, 2022

	Program Services	Management and General	Fundraising	Total
EXPENSES				
Bank fees	\$ -	\$ 63	\$ -	\$ 63

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 3,048,940
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in assets:	
Contributions receivable	<u>(350,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,698,940
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,698,940</u></u>

See Accompanying Notes to Financial Statements

RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2022

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 financially and creatively support emerging BIPOC talent, 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 up to 15 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 will 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, 2022

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.

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, 2022.

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, 2022, no valuation allowance was deemed necessary.

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 as either 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.

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 be fulfilled or otherwise removed by Rideback Rise's actions. The Organization had no permanently restricted net assets on December 31, 2022.

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, 2022

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.

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, 2022, two donors comprised 85% of current year contributions revenue. No other donor comprised more than 10% of contributions revenue.

Substantially all contributions receivable on December 31, 2022, are from two donors. The Organization has not experienced any problems with collecting contributions from its donors.

Subsequent Events – Management has reviewed subsequent events through October 18, 2023, 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, 2022.

Cash and cash equivalents	\$ 2,698,940
Contributions receivable	<u>350,000</u>
	3,048,940
Less: Amounts restricted for time and purpose	<u>(390,000)</u>
	<u><u>\$ 2,658,940</u></u>

The Organization receives most of its support from unrestricted 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 – CONTRIBUTIONS RECEIVABLE

Contributions receivable on December 31, 2022 are composed of the following:

Amounts due in less than one year	<u><u>\$ 350,000</u></u>
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RIDEBACK RISE, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2022

NOTE 5 – NET ASSETS

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

	Beginning Balance at 12/31/2021	Contributions	Expenditures / Released from Restriction	Ending Balance at 12/31/2022
Curated Programming	\$ -	\$ 40,000	\$ -	\$ 40,000
Time Restricted	-	350,000	-	350,000
	<u>\$ -</u>	<u>\$ 390,000</u>	<u>\$ -</u>	<u>\$ 390,000</u>