PARTNERSHIP FOR SOUTHERN EQUITY, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

TOGETHER WITH REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP FOR SOUTHERN EQUITY, INC. AND SUBSIDIARY

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DECEMBER 31, 2021

MARTIN, HARPS, SYPHOE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Partnership For Southern Equity, Inc. and Subsidiary:

Opinions

We have audited the accompanying consolidated financial statements of Partnership For Southern Equity, Inc. and Subsidiary (collectively, the "Company"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Partnership For Southern Equity, Inc. as of December 31, 2021, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our 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 opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within twelve months beyond the consolidated financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government 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 judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Martin, Hamps, Sypher + Co.

Atlanta, Georgia
December 6, 2022

PARTNERSHIP FOR SOUTHERN EQUITY, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

ASSETS		
Cash	$	11,842,963
Grants and contributions receivable (Note 3)		4,813,461
Prepaid assets		32,949
Fixed assets (Note 4)		2,650,617
TOTAL ASSETS	$	19,339,990
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$	661,104
Funds held on behalf of third-parties (Note 5)		253,406
Tenant security deposits		7,378
Deferred revenue		4,698,475
Deferred rent liability (Note 8)		5,049
Note payable (Note 6)		2,486,681
TOTAL LIABILITIES		8,112,093
NET ASSETS		
Without donor restrictions		10,570,946
With donor restrictions (Note 7)		656,951
TOTAL NET ASSETS		11,227,897
TOTAL LIABILITIES AND NET ASSETS	$	19,339,990

See independent auditor's report and notes to the financial statements.

PARTNERSHIP FOR SOUTHERN EQUITY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

PUBLIC SUPPORT AND REVENUE	Without Donor Restrictions	With Donor Restrictions	Totals
Grants and contributions	$ 8,783,139	$ 915,227	$ 9,698,366
PPP loan forgiveness	170,200	-	170,200
Program and services income	918,920	-	918,920
Rental income	83,533	-	83,533
Interest income	1,790	-	1,790
Other income	5,228	-	5,228
Net assets released from restrictions -			
Satisfaction of program restrictions (Note 7)	1,976,858	(1,976,858)	-
TOTAL PUBLIC SUPPORT AND REVENUE	11,939,668	(1,061,631)	10,878,037
EXPENSES			
Program services	4,049,493	-	4,049,493
General and administrative	992,061	-	992,061
TOTAL EXPENSES	5,041,554	-	5,041,554
CHANGE IN NET ASSETS	6,898,114	(1,061,631)	5,836,483
NET ASSETS, BEGINNING OF YEAR	3,672,832	1,718,582	5,391,414
NET ASSETS, END OF YEAR	$ 10,570,946	$ 656,951	$ 11,227,897

See independent auditor's report and notes to the financial statements.

PARTNERSHIP FOR SOUTHERN EQUITY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 30, 2021

	Program Services										
	Just Energy	Just Growth	Just Opportunity	Just Health	Just Solutions	YES! Youth Group	J40 Accelerator	Other	Total Program Services	General and Administrative	Totals
Compensation	$ 512,947	$ 266,085	$ 159,143	$ 254,295	$ 88,394	$ 4,000	$ 131,630	$ -	$ 1,416,494	$ 436,181	$ 1,852,675
Contractual services	70,254	330,811	209,763	233,705	221,826	20,185	908,410	-	1,994,954	92,060	2,087,014
Professional fees	15,325	8,100	21,795	4,000	-	-	37,000	-	86,220	75,158	161,378
Information technology	3,781	6,266	5,000	5,225	-	300	22,500	-	43,072	33,605	76,677
Dues, subscriptions, fees	12,997	5,737	13,064	4,442	3,478	-	500	-	40,218	51,171	91,389
Advertising/marketing	-	150	-	8,090	12,675	650	-	-	21,565	6,771	28,336
Insurances	1,791	1,791	1,140	1,465	1,140	81	3,582	-	10,990	7,113	18,103
Travel and transportation	8,455	3,661	2,017	3,629	2,017	488	6,339	-	26,606	9,363	35,969
Printing, production and graphics	7,493	650	-	3,204	96	-	-	-	11,443	469	11,912
Conferences and meetings	9,350	3,015	250	282	2,800	690	-	-	16,387	34,422	50,809
Facilities rental	12,354	14,354	7,861	11,707	7,861	562	24,707	-	79,406	36,499	115,905
Utilities	-	-	-	-	-		-	-	-	6,152	6,152
Repairs and maintenance	-	-	-	-	-		-	-	-	28,536	28,536
Communications	781	781	497	639	497	36	1,563	-	4,794	3,026	7,820
Training and development	420	125	-	-	350	-	-	-	895	2,541	3,436
Awards, grants, sponsorships	14,503	-	7,500	827	250	-	-	-	23,080	12,709	35,789
Supplies and materials	4,170	4,794	3,295	3,935	2,948	212	7,214	-	26,568	3,870	30,438
Grants and assistance	13,920	72,500	23,000	-	-	-	-	121,635	231,055	-	231,055
Property tax	-	-	-	-	-	-	-	-	-	6,226	6,226
Bad debt	2,900	-	-	-	-	-	-	-	2,900	-	2,900
Interest expense	-	-	-	-	-	-	-	-	-	94,291	94,291
Depreciation and amortization	2,094	2,094	1,332	1,713	1,332	95	4,186	-	12,846	51,898	64,744
Total Functional Expenses	$ 693,535	$ 720,914	$ 455,657	$ 537,158	$ 345,664	$ 27,299	$ 1,147,631	$ 121,635	$ 4,049,493	$ 992,061	$ 5,041,554

See independent auditor's report and notes to financial statements.

PARTNERSHIP FOR SOUTHERN EQUITY, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	$	5,836,483
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation and amortization		64,744
(Increase) decrease in:		
Accounts receivable		64,171
Grants receivable		(2,063,332)
Prepaid expenses		(29,746)
Security deposits		28,036
Increase (decrease) in:		
Accounts payable		641,445
Funds held on behalf of third-parties		253,406
Tenant security deposits		7,378
Deferred revenue		4,698,475
Rent liability		412
NET CASH PROVIDED BY OPERATING ACTIVITIES		9,501,472
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from loan		2,500,000
Loan costs		(16,500)
Forgiveness of PPP loan		(170,200)
Principal payments on loan		(50,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES		2,263,300
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of real property		(2,540,849)
Purchases of building improvements		(79,396)
Purchases of computers		(36,863)
NET CASH USED BY INVESTING ACTIVITIES		(2,657,108)
NET INCREASE IN CASH		9,107,664
CASH, BEGINNING OF YEAR		2,735,299
CASH, END OF YEAR	$	11,842,963
Supplemental information		
Cash paid for interest on loans	$	94,291

See independent auditor's report and notes to the financial statements.

1. SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

Nature of Organization and Operations

Partnership for Southern Equity, Inc. (the "Company"), is an Atlanta-based nonprofit 501(c)(3) corporation with a wholly-owned for profit subsidiary (Just Equity). The Company has been advancing the cause of equity through an ecosystem-based model for multi-demographic engagement in the City of Atlanta and the surrounding metropolitan region. Using its strength and its ability to connect, educate, and build the civic infrastructure for diverse individuals and organizations to encourage just, sustainable practices for shared prosperity, the Company has stood at the forefront of promoting balanced growth and shared prosperity throughout metropolitan Atlanta and the American South.

Focusing on seven key strategic areas. The Company has developed strong partnerships, which have resulted in a series of successful policy initiatives that helped elevate and enable the communities served. The strategic areas are described as follows:

Just Energy (Energy Equity/Climate Justice)
The Company works with its partners to educate and engage low-income, communities of color about the sourcing and commodification of power generation in Georgia. While unfamiliar to many residents, those policies significantly impact household utility bills and impinge on the overall quality of air, water and other natural resources that affect our health and well-being.

Just Opportunity (Economic Inclusion)
Many low-wealth and communities of color are still reeling from the impacts of Great Recession which have been compounded by the historic economic injustices. The American South's economic competitiveness will be dependent on its ability to strengthen and engage these communities. The Company works with its partners to advance an economic inclusion agenda that promotes and increases equity in the distribution of income, wealth building, employment, and entrepreneurship among vulnerable populations.

Just Growth (Equitable Development)
The Company has created a powerful community engagement platform for residents of all races, incomes, and backgrounds to influence decision-making within development projects that impact them (e.g. housing, retail, infrastructure, transportation). The Company takes a systems approach to realize communities and regions where all residents can participate in and prosper from decisions that shape the places they live. During October 2021, EcoDistricts dissolved as a nonprofit entity. As a result, certain assets were donated to the Company. The Company transitioned the EcoDistricts organizational programs into the Just Growth strategic area.

Just Health (Health Equity)
The Company actively works to strengthen both internal and external capacity to address health equities. This includes ensuring our ecosystem model is deeply rooted in the principles of social justice; and that our organizational culture supports both staff and our community partners to be courageous, innovative, creative, passionate and accountable.

1. SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

YES! for Equity (Youth Empowerment)
The program supports the mission of the Company by offering customized trainings, consultative coaching and technical assistance to advance racial equity by integrating youth voice in our organizing work. We help adults, youth, organizations and communities deepen their racial equity priorities by applying the YES! For Equity Youth Power Model® with an explicit racial equity framework.

Just Solutions (Consulting Social Enterprise)
The program is the consulting social enterprise arm of the Company. We build organizational and leadership capabilities to understand and address racial equity and other systems of privilege and oppression that produce inequitable outcomes across communities and inside every institution.

J40 Accelerator
The Justice 40 Accelerator was conceived as a collaborative partnership between core team members: Elevate, Groundswell, Hummingbird, Partnership for Southern Equity, and The Solutions Project for the purpose of supporting organizations that are on the front lines of addressing climate, the environment, and social injustices in their communities. The J40 Accelerator is designed to better position underfunded frontline organizations to access funding from various government entities by providing technical assistance, project predevelopment funding, and strategic communications tools.

The significant accounting policies followed by the Company are described below:

A. Measure of Operations

Operations include all revenues and expenses, including investment return designated for operations.

B. Basis of Presentation

Partnership for Southern Equity's (PSE) wholly-owned, for profit subsidiary includes:

Just Equity, Inc. -
Effective March 9, 2021, PSE acquired from Southern Equity Partners, Inc, as the sole shareholder, 1,000 shares of $.001 par value common stock at a purchase price of $100 ($.10 per share). As a result of this arrangement, a new entity was incorporated – Just Equity, Inc. as a domestic profit corporation. On March 8, 2021, Just Equity, Inc. ('corporation') was incorporated under the laws of the State of Georgia. The corporation is authorized to issue 10,000 shares of common stock with a par value of $.001 per share. As of December 31, 2021, issued and outstanding shares of common stock to PSE was 1,000 shares, respectively. The initial officers for the corporation include four board members from the PSE Board of Directors and the PSE Chief Executive Officer as the corporation's President. The fiscal year for the corporation ends annually on December 31.

The subsidiary is consolidated in the Company's financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

1. SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

B. Basis of Presentation (Continued)

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. The Company maintains its net assets in two classes as follows:

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 Company. These net assets may be used at the discretion of the Company's management and the Board of Directors.

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

C. New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. Under the new guidance, lessor accounting is largely unchanged. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company is evaluating the impact of this standard on the Company's consolidated financial statements.

On September 17, 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB ASU requires nonprofits to change their consolidated financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The amendments should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. The Company is evaluating the impact of this standard on the Company's consolidated financial statements.

1. SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

D. Cash and Cash Equivalents

Cash consists of cash on deposit with banks. Cash equivalents represent short-term investments, highly liquid investments with an original maturity of three months or less from the date of purchase. The Company maintains its cash and cash equivalents in various bank accounts and money market funds that, at times, may exceed federally insured limits. The Company's cash and cash equivalent accounts were placed with high credit quality financial institutions. The Company has not experience, nor does it anticipate, any losses of such accounts.

E. Revenue Recognition

The Company adheres to Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined as follows: 1) identify the contracts with a customer, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations in the contract, and 5) recognize revenue when or as the entity satisfies performance obligations. The Company recognizes revenue when control of the promised goods and services are transferred to outside parties in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

F. Program Support

Program support revenues include contributions, both with and without donor restrictions, from individuals, corporations and foundations, corporate sponsorships, and grants, including from time to time, government grants. Contributions are recognized upon receipt of verifiable documentation of a promise to give. Sponsorship revenue is recognized pro rata over the corresponding term of the agreement. Government grants and awards received are recognized as the awards are expended.

For contributions, revenue is recognized when a contribution becomes unconditional, that is , when the conditions on which they depend are substantially met. Grants are evaluated as to whether they qualify as exchange transactions or contributions. Grants that are treated as exchange transactions are reported as revenue without donor restrictions when expenses are incurred in accordance with the terms of the agreement. The excess of amounts received in exchange transactions over the amount of the expenditures incurred are classified as deferred revenue in the accompanying consolidated financial statement of position. If a contract or grant agreement contains a right of return or right of release from the respective obligation provision on the part of the grantor, and the agreement also contains a barrier to overcome, the Company recognizes revenue for those conditional contributions when the related barrier to entitlement has been overcome. Funds received in advance of conditions being met are reported as deferred revenue in the accompanying consolidated statement of financial position.

1. SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

G. Expense Allocation

The costs of providing the various programs and other activities of the Company have been summarized on a functional basis in the Consolidated Statement of Activities and in the Consolidated Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, depreciation, insurance, rent, telephone, information technology and office supplies which are allocated on the basis of estimates of time and effort.

H. Income Taxes

The Company follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Company is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its tax-exempt purpose, unless that income is otherwise excluded from the Internal Revenue Code. The Company has evaluated its tax positions believes that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. In addition, the Company has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

I. Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Fair Value of Financial Instruments

The carrying value of cash, receivables, other assets, payables, and other liabilities, approximate fair value because of the short maturity of these consolidated financial instruments.

1. SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

K. Depreciation and amortization

Property and equipment are depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 30 years. Leasehold improvements are amortized over their useful lives or the remaining term of the lease, whichever is shorter.

2. LIQUIDITY AND CASH AVAILABILITY

The Company receives most of its funds from grants - with and without restrictions. Grant funds with donor restrictions are used in accordance with the associated grant purposes and terms. The Company also receives contributions, sponsorships, tenant rental income, training fees, speaker fees and fees from consulting service activities, which are without donor restrictions. The following represents the Company's financial assets at December 31, 2021 to meet general expenditures within one year.

Cash	$ 11,842,963
Grants and contributions receivable	4,813,461
Total financial assets	16,656,424
Less: Donor-imposed restrictions	(656,951)
Financial assets needed to meet cash needs for general expenditures within one year	$ 15,999,473

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

Unconditional grants and contributions receivable at December 31, 2021 are as follows:

Grants and contributions receivable – within one year	$ 3,395,063
Within two years	1,435,685
Within three years	-
Present value discount	(17,287)
Less: allowance for uncollectible accounts	-
Net	$ 4,813,461

Management has determined that these amounts are fully collectible, therefore, no allowance for uncollectible promises is considered necessary.

4. FIXED ASSETS

Fixed assets are recorded at cost and depreciated or amortized on a straight-line basis. At December 31, 2021, fixed assets consisted of the following:

Land	$	806,389
Buildings and improvements		1,813,856
Furniture and equipment		109,612
Leasehold improvements		4,714
Less: accumulated depreciation/amortization		(83,954)
	$	2,650,617

5. FUNDS HELD ON BEHALF OF THIRD-PARTY GROUPS

The Company acted as fiscal agent for two third-party groups. Funds held consisted of the following:

Advancing Equity & Opportunities Collaborative	$	250,000
RG Action ATL, SONG Power, WTPT		3,406
	$	253,406

6. NOTE PAYABLE

Promissory note –
On April 15, 2021, the Company executed a $2,500,000 uncollateralized loan. Terms include maturity on or before September 30, 2024 with a simple interest rate of 5%. Interest on the unpaid aggregated principal balance is paid quarterly beginning June 30, 2021. Periodic principal payments can be made at the discretion of the Company until maturity. The loan proceeds were restricted to facilitate the purchase of specific real properties. Loan closing costs totaled $16,500 and are amortized over the life of the loan. During the year, principal borrowings and repayments amounted to $2,500,000 and zero, respectively, and interest expense and paid interest each amounted to $89,583. Balances at December 31, 2021 are as follows – the principal loan balance and unamortized loan costs were $2,500,000 and $13,319, respectively, and are netted on the statement of financial position.

Paycheck Protection Program -
On May 21, 2020, the Company executed a $170,200 loan through the Paycheck Protection Program (the "PPP Loan") administered by the U.S. Small Business Administration. The PPP loan was forgiven in full during November 2021 and is accounted for as revenue in the accompanying statement of activities.

7. DONOR RESTRICTIONS ON NET ASSETS AND RELEASES

Net assets with donor restrictions as of December 31, 2021 are as follows:

Grants – various JUST programs	$ 656,951

Net assets released from donor restrictions related to the JUST programs during the year amounted to $1,976,858.

8. OPERATING LEASES

The Company entered into an office space lease agreement , amended February 21, 2020 through October 31, 2023. The office equipment lease is effective from August 26, 2019 for 48 months.

Future minimum lease payments under the leases are as follows for years ending:

December 31,	Amounts
2022	$ 77,486
2023	66,106

Office space and equipment rent expense for the year were $74,426 and $1,258 respectively. At December 31, 2021, the deferred rent liability related to the office space lease was $5,049.

9. CONTINGENCIES

Grants often require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, the Board of Directors deems the contingency unlikely since upon accepting the gifts the Company has agreed to comply with the provisions thereof.

10. CONCENTRATIONS OF RISK

The Company depends heavily on grants and contributions. The ability of certain Company funding sources to continue providing comparable amounts are dependent upon current and future overall economic conditions. During the year, 56% of public support and revenue was derived from one donor.

11. IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic has caused global business disruptions and economic uncertainties. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of the COVID-19 pandemic is unknown and cannot be reasonably estimated as these events are still developing.

12. SUBSEQUENT EVENTS

Management evaluated the activity of the Company through December 6, 2022 (the date the consolidated financial statements were available to be issued) and concluded that no subsequent events occurred that would require disclosure in the Notes to the Consolidated Financial Statements.

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Partnership For Southern Equity, Inc. and Subsidiary:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Partnership For Southern Equity, Inc. and Subsidiary (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, which collectively comprise the Company's consolidated financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Company's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

<u>INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*</u>

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Atlanta, Georgia
December 6, 2022