

Rising Star Outreach, Inc.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended March 31, 2021 and 2020



RISING STAR OUTREACH, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rising Star Outreach:

Opinion

We have audited the accompanying financial statements of Rising Star Outreach (the Organization) a nonprofit organization, which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Rising Star Outreach as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rising Star Outreach 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 these 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 Rising Star Outreach's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the 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 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 Rising Star Outreach'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 Rising Star Outreach'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.

Larson & Company, PC
Spanish Fork, Utah

September 15, 2021

RISING STAR OUTREACH, INC.
 Statements of Financial Position
 For the Years Ended March 31, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 1,326,857	\$ 2,010,108
Accounts receivable	137	846
Contributions receivable	300	165
Note receivable, related party	3,005,287	910,138
Inventory	-	548
Prepaid expenses	-	2,402
Total current assets	4,332,581	2,924,207
Property and equipment, net	6,294	8,649
Total assets	\$ 4,338,875	\$ 2,932,856
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accrued expenses	\$ 15,399	\$ 13,920
Deferred revenue	3,000	42,400
Total current liabilities	18,399	56,320
Net assets		
Net assets without donor restrictions	1,319,072	1,208,816
Net assets with donor restrictions		
Purpose restrictions	3,001,404	1,667,720
Total net assets	4,320,476	2,876,536
Total liabilities and net assets	\$ 4,338,875	\$ 2,932,856

The accompanying notes to the financial statements
 are an integral part of these statements

RISING STAR OUTREACH, INC.

Statement of Activities
For the Year Ended March 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets			
Support and revenues			
Contributions	\$ 911,899	\$ 1,572,674	\$ 2,484,573
In-kind contributions	17,275	-	17,275
Special events	187,067	-	187,067
Interest income, note receivable	181,309	-	181,309
Miscellaneous income	28,461	-	28,461
Total support and revenues	1,326,011	1,572,674	2,898,685
Satisfaction of restrictions	238,990	(238,990)	-
Total support, revenues and satisfaction of restrictions	1,565,001	1,333,684	2,898,685
Expenses			
RSOI programs	1,068,905	-	1,068,905
General and administrative	252,985	-	252,985
Fundraising	132,855	-	132,855
Total expenses	1,454,745	-	1,454,745
Total changes in net assets	110,256	1,333,684	1,443,940
Net assets beginning of year	1,208,816	1,667,720	2,876,536
Net assets end of year	\$ 1,319,072	\$ 3,001,404	\$ 4,320,476

The accompanying notes to the financial statements
are an integral part of these statements

RISING STAR OUTREACH, INC.

Statement of Activities
For the Year Ended March 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets			
Support and revenues			
Contributions	\$ 804,387	\$ 1,385,971	\$ 2,190,358
In-kind contributions	207,439	-	207,439
Special events, net of direct expenses of \$176,720	684,531	-	684,531
Interest income, note receivable	85,430	-	85,430
Miscellaneous income	678	-	678
Total support and revenues	1,782,465	1,385,971	3,168,436
Satisfaction of restrictions	292,471	(292,471)	-
Total support, revenues and satisfaction of restrictions	2,074,936	1,093,500	3,168,436
Expenses			
RSOI programs	1,279,129	-	1,279,129
General and administrative	225,864	-	225,864
Fundraising	144,452	-	144,452
Total expenses	1,649,445	-	1,649,445
Total changes in net assets	425,491	1,093,500	1,518,991
Net assets beginning of year	783,325	574,220	1,357,545
Net assets end of year	\$ 1,208,816	\$ 1,667,720	\$ 2,876,536

The accompanying notes to the financial statements
are an integral part of these statements

RISING STAR OUTREACH, INC.

Statement of Functional Expenses
For the Year Ended March 31, 2021

	<u>RSOI Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 283,713	\$ 168,526	\$ 87,177	\$ 539,416
Payroll taxes	18,010	11,316	5,722	35,048
Total personnel costs	301,723	179,842	92,899	574,464
Advertising	4,900	-	11,215	16,115
Bank charges and credit card fees	11,987	7,656	383	20,026
Direct contributions - India	724,491	-	-	724,491
Insurance	-	8,651	-	8,651
Occupancy	-	26,094	7,080	33,174
Office expense	213	6,613	5,017	11,843
Postage and delivery	1,951	564	182	2,697
Printing	5,653	1,417	364	7,434
Professional fees	3,245	18,555	-	21,800
Supplies Expense	1,885	970	15,131	17,986
Travel	1,413	-	-	1,413
Website	6,344	269	9	6,622
Depreciation	-	2,354	-	2,354
Miscellaneous	5,100	-	575	5,675
Total expenses	<u>\$ 1,068,905</u>	<u>\$ 252,985</u>	<u>\$ 132,855</u>	<u>\$ 1,454,745</u>

The accompanying notes to the financial statements
are an integral part of these statements

RIISING STAR OUTREACH, INC.

Statement of Functional Expenses
For the Year Ended March 31, 2020

	<u>RSOI Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 259,373	\$ 121,208	\$ 86,261	\$ 466,842
Payroll taxes	18,064	8,510	5,844	32,418
Total personnel costs	277,437	129,718	92,105	499,260
Advertising	9,427	-	-	9,427
Bank charges and credit card fees	22,829	1,689	13,030	37,548
Contracted services	26,490	2,685	-	29,175
Direct contributions - India	816,754	-	-	816,754
Insurance	-	-	-	-
Occupancy	-	25,694	24,908	50,602
Office expense	19,936	12,356	4,936	37,228
Postage and delivery	602	1,550	888	3,040
Printing	3,011	265	8,585	11,861
Professional fees	-	17,250	-	17,250
Repairs and maintenance	-	-	-	-
Travel	36,046	247	-	36,293
Depreciation	-	1,729	-	1,729
Miscellaneous	66,597	32,681	-	99,278
Total expenses	<u>\$ 1,279,129</u>	<u>\$ 225,864</u>	<u>\$ 144,452</u>	<u>\$ 1,649,445</u>

The accompanying notes to the financial statements
are an integral part of these statements

RIISING STAR OUTREACH, INC.
 Statements of Cash Flows
 For the Years Ended March 31, 2021 and 2020

	2021	2020
Cash flow from operating activities		
Changes in net assets	\$ 1,443,940	\$ 1,518,991
Adjustments to reconcile changes in net assets without donor restrictions to net cash from operating activities		
Depreciation	2,354	1,729
Changes in assets and liabilities:		
Decrease (Increase) in:		
Accounts receivable	709	(293)
Contribution receivables	(135)	2,453
Inventory	548	173
Prepaid expenses	2,402	6,494
Increase (decrease) in:		
Accrued expenses	1,479	5,606
Deferred contribution	(39,400)	28,400
Net cash flow from operating activities	1,411,897	1,563,553
Cash flow from investing activities		
Purchase of furniture & computer equipment	-	(8,259)
Proceeds from sale of assets	-	1,063
Investment loan to Hollow Tree Investments	(2,095,148)	(86,494)
Net cash flow from investing activities	(2,095,148)	(93,690)
Net changes in cash and cash equivalents	(683,251)	1,469,863
Cash and cash equivalents at beginning of year	2,010,108	540,245
Cash and cash equivalents at end of year	\$ 1,326,857	\$ 2,010,108

The accompanying notes to the financial statements are an integral part of these statements

RISING STAR OUTREACH, INC.
Notes to Financial Statements
For the Years Ended March 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Rising Star Outreach, Inc. (the “Organization”) is a not-for-profit corporation formed in 2001 in Atlanta, Georgia. In 2011, the Organization moved its corporate offices from Atlanta to Provo, Utah where it currently operates. The Organization empowers individuals and families to rise above the stigma associated with leprosy, and to live healthy, productive lives through quality education, medical care and community development. The Organization is accomplishing its mission through four major initiatives:

- To provide a quality education to children of leprosy affected families and surrounding villages
- To provide colonies with colony projects to ensure each has access to clean water, toilets, and opportunities through micro-grants
- To address the unique health challenges of the colonies with mobile medical units, and
- To create lifelong humanitarians by providing service opportunities for sponsors and volunteers.

The Organization accomplishes its mission through contributions to Rising Star Outreach of India (“RSOI”). In 2004, the Organization assisted with the formation of RSOI, which is a not-for-profit entity incorporated and registered under the laws and regulations for SCRA Charities in India. There are two owner representatives of RSOI. One must be Indian and represents the RSOI board of directors. This owner also sits as the vice chair of the board of directors and is a voting member. The second owner representative represents the RSO board and the Organization as a whole. However, this member does not sit as a member of the board of directors of RSOI as Indian law prohibits foreigners from being board members of SCRA Charities. Accordingly, the Organization does not exercise control over RSOI.

However, the Organization has a clear economic interest in RSOI as they provide a substantial part of its operating funds and, in accordance with Indian law, RSOI is legally required to spend the funds in line with Organization’s stipulations. See Note 5 for related party disclosures.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958); Presentation of Financial Statement for Not-for-Profit Entities*. The standard requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

RISING STAR OUTREACH, INC.
Notes to Financial Statements
For the Years Ended March 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net assets 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 Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

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

Adoption of New Accounting Standard(s)

During the year ended March 31, 2020, the Organization adopted ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update provide a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid investments with maturities of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable are recorded at their estimated fair value. Amounts due later than one year, if any, are recorded at the present value of estimated future cash flows. The Organization estimates the allowance based on analysis of specific donors, taking into consideration the age of past due pledges and an assessment of the donor's ability to pay. As of March 31, 2021 and 2020, all uncollected contributions receivable are expected to be collected; therefore, no allowance has been recorded. The Organization recorded bad debt expense of \$0 and \$0 during the years ended March 31, 2021 and 2020, respectively. Conditional contributions are not included as support until the conditions are substantially met. The Organization has conditional contributions receivable of \$0 and \$45,000 as of March 31, 2021 and 2020.

RIISING STAR OUTREACH, INC.
Notes to Financial Statements
For the Years Ended March 31, 2021 and 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment

Property and equipment are stated at either cost or, for donated property, the fair market value at the time of donation. Depreciation is recorded using the straight-line method over estimated useful lives of three years for computer equipment. The Organization generally capitalizes fixed asset expenditures over \$1,000.

Contributions

Unconditional promises to give are recognized as contributions when promised at the net present value of the amounts expected to be collected. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net asset with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same year the contribution is received are reported as net assets without donor restrictions.

Donated Services and In-kind Contributions

The Organization records gifts of property and equipment as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as net assets with donor restriction. Absent explicit donor stipulations regarding the duration that the long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or purchased long-lived assets are placed in service.

Donated services are recognized at fair value if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation. As discussed in Note 5, the Organization received various donated services, facilities, and office expenses from board members. Volunteers provide a significant amount of services to the Organization throughout the year that are not recognized as contributions since the criteria under U.S. GAAP was not met.

Income Taxes

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as an organization other than a private foundation. Accordingly, no provisions for federal and state income taxes have been recorded in the accompanying financial statements. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. Currently, the organization engages in no activities that would be taxed as unrelated business income.

RISING STAR OUTREACH, INC.
Notes to Financial Statements
For the Years Ended March 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities as well as in the statements of functional expenses. Salaries and related costs are allocated to functional areas based on the time and effort expended by employees in the functional areas. Indirect costs are charged to programs and supporting services based on estimates made by management, considering the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support of the Organization.

Advertising Costs

Advertising costs are expensed as incurred.

Concentration of Credit Risk

Cash and cash equivalents consist primarily of demand deposits with several financial institutions. The balances in the Organization's bank accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The aggregate bank balances at various institutions exceeded this insured limit by \$77,572 and \$1,740,447 at March 31, 2021 and 2020 respectively.

Reclassifications

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Total changes in net assets were not affected by the reclassifications.

Recent Accounting Pronouncements

In March of 2016, the FASB issued ASU 2016-02, *Leases*, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2021. The Organization does not anticipate a significant impact on the Organization's results of operations, financial position, or cash flows because of this new standard.

RISING STAR OUTREACH, INC.

Notes to Financial Statements
For the Years Ended March 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230)*. This update requires that a statement of cash flows explain the change during the period to also include restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This new guidance is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization does not anticipate a significant impact on the results of operations, financial position, or cash flows because of this new standard.

In September of 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure requirements. The amendments in this update require organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, organizations are required to enhance disclosures by disaggregating the amount of nonfinancial assets recognized within the statement of activities by type of contributed nonfinancial asset and providing additional qualitative information for each disaggregated category. This new guidance is effective for fiscal years beginning after June 15, 2021. The Organization does not anticipate a significant impact on operations, financial position, or cash flows as a result of this new standard.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,326,857	\$ 2,010,108
Accounts receivable	137	846
Contributions receivable	300	165
Note receivable	3,005,287	910,138
	4,332,581	2,921,257
Less amounts restricted by donors	<u>(3,001,404)</u>	<u>(1,667,720)</u>
Available for general expenditure	<u>\$ 1,331,177</u>	<u>\$ 1,253,537</u>

RISING STAR OUTREACH, INC.
Notes to Financial Statements
For the Years Ended March 31, 2021 and 2020

3. NOTE RECEIVABLE, RELATED PARTY

The Organization has a note receivable with a company whose principal is also a member of the board of directors of the Organization. The amounts loaned consist of funds which will be expended on future projects by RSOI in India.

The balance accrues interest monthly at a guaranteed rate of 10%. The current agreement does not include a repayment date for the principle and interest. Currently, payments are sent only when requested. The note can be requested to be repaid at any time with 30 days' notice from the Organization.

The balance of principle and interest as of March 31, 2021 and 2020 totaled \$3,005,287 and \$910,138, respectively. Interest income related to the note receivable totaled \$180,357 and \$86,493 for the years ended March 31, 2021 and 2021, respectively.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of March 31:

	2021	2020
Computer equipment	\$ 27,842	\$ 27,842
Less: accumulated depreciation	(21,546)	(19,193)
Total property and equipment, net	\$ 6,296	\$ 8,649

Depreciation expense for the years ended March 31, 2021 and 2020 totaled \$2,354 and \$1,729 respectively.

RISING STAR OUTREACH, INC.
Notes to Financial Statements
For the Years Ended March 31, 2021 and 2020

5. RELATED PARTY TRANSACTIONS

As discussed in Note 1, the Organization accomplishes its mission primarily through contributions to RSOI. During the years ended March 31, 2021 and 2020, the Organization provided direct support of \$724,491 and \$816,754 respectively to RSOI as reflected in the accompanying financial statements. These contributions provide funding for various programs including colony building projects, education, medical, colony development, and “sponsor a child” program. Unaudited assets, liabilities, and net assets for RSOI as of March 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
	Unaudited	Unaudited
Current assets		
Cash and cash equivalents	\$ 903,283	\$ 822,827
Loans	-	11,375
Other	11,738	11,738
Total current assets	915,021	845,940
Property and equipment	1,692,910	1,681,537
Total assets	<u><u>\$ 2,607,931</u></u>	<u><u>\$ 2,527,477</u></u>
Current liabilities	\$ 24,201	\$ 35,904
Net assets		
Without donor restrictions	2,583,730	2,491,573
	2,583,730	2,491,573
Total liabilities and net assets	<u><u>\$ 2,607,931</u></u>	<u><u>\$ 2,527,477</u></u>

The Organization received contributions and donated goods from various board members as follows for the years ended March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash contributions	\$ 184,938	\$ 164,082
Expenses paid for the benefit of the Organization	56,377	73,840
Total support from board members	<u><u>\$ 241,315</u></u>	<u><u>\$ 237,922</u></u>

The Organization has a note receivable with a company whose principal is a member of the board of directors (Note 3). This has been identified as a conflict of interest, but all board members have reviewed the relationship and have approved this as a prudent investment for the Organization.

RIISING STAR OUTREACH, INC.
Notes to Financial Statements
For the Years Ended March 31, 2021 and 2020

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of contributions the Organization has received that are subject to donor-imposed restrictions that have not been met prior to the end of the fiscal year. Net assets with donor restrictions consist of the following at March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Purpose restricted		
Southern medical	\$ 1,001,009	\$ 60,840
Southern education	90,281	80,814
Southern capital development	28,500	28,500
Northern education	-	20,539
Northern colony development	104,590	-
Northern capital development	1,777,025	1,477,027
Total net assets with donor restrictions	<u><u>\$ 3,001,405</u></u>	<u><u>\$ 1,667,720</u></u>

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposed as follows during the years ended March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Program purpose restriction accomplished		
Southern medical	\$ 60,840	\$ 43,234
Southern education	28,265	31,348
Southern colony development	-	27,055
Covid-19 Relief	110,436	-
Northern education	20,039	95,956
Northern colony development	19,410	-
Northern capital development	-	20,595
Time restrictions	-	74,283
Total program purpose restriction accomplished	<u><u>\$ 238,990</u></u>	<u><u>\$ 292,471</u></u>

8. EFFECT OF COVID-19 PANDEMIC

The COVID-19 pandemic remains a rapidly evolving situation. The extent of COVID-19 on our organization and financial results will depend on future developments, including the duration and spread of the outbreak within the markets we operate and the related donations and grants from external parties, all of which are highly uncertain.

RISING STAR OUTREACH, INC.
Notes to Financial Statements
For the Years Ended March 31, 2021 and 2020

8. SUBSEQUENT EVENTS

Management has evaluated events and transactions through the date of the audit report, which is the date the financial statements were available to be issued.