

**ABLE INDUSTRIES, INC.  
FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Able Industries, Inc.  
Visalia, California

We have audited the accompanying financial statements of Able Industries, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility 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; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Able Industries, Inc. as of June 30, 2022 and 2021, 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.

*Rene Pedroncelli & Aguilera, Inc*

Visalia, California  
November 28, 2022

**ABLE INDUSTRIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,035,167	\$ 3,545,681
Accounts Receivable	545,624	503,821
Prepaid Expenses	33,336	70,424
Inventory	<u>155,862</u>	<u>232,284</u>
Total Current Assets	<u>2,769,989</u>	<u>4,352,210</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>370,570</u>	<u>340,030</u>
<b>OTHER ASSETS</b>		
Deposit for Land Purchase	1,006,550	-
Security Deposit	<u>13,009</u>	<u>13,009</u>
Total Other Assets	<u>1,019,559</u>	<u>13,009</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,160,118</u></u>	<u><u>\$ 4,705,249</u></u>

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

**ABLE INDUSTRIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 45,603	\$ 97,431
Accrued Expenses	112,131	294,550
Compensated Absences	90,488	74,850
Unearned Revenue		<u>4,429</u>
<b>TOTAL LIABILITIES</b>	<u>248,222</u>	<u>471,260</u>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Board Designated for Equipment Reserve	-	700,477
Unrestricted, Undesignated	<u>3,911,896</u>	<u>3,533,512</u>
<b>TOTAL NET ASSETS</b>	<u>3,911,896</u>	<u>4,233,989</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,160,118</u>	<u>\$ 4,705,249</u>

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

**ABLE INDUSTRIES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022		2021			
	Unrestricted	Donor Restricted	Total	Unrestricted	Donor Restricted	Total
<b>SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>						
Contributions	\$ 14,550	\$ -	\$ 14,550	\$ 3,003	\$ -	\$ 3,003
Grants	90,734	-	90,734	54,582	-	54,582
Fees for Services	2,432,829	-	2,432,829	2,624,768	-	2,624,768
Contract Services	2,146,328	-	2,146,328	3,826,745	-	3,826,745
Fundraising	4,179	-	4,179	1,228	-	1,228
Interest Income	2,351	-	2,351	4,759	-	4,759
Loss on Disposal of Assets	-	-	-	(2,434)	-	(2,434)
SBA Paycheck Protection	-	-	-	-	-	-
Program Loan Forgiveness	-	-	-	408,168	-	408,168
Miscellaneous Income	513	-	513	956	-	956
<b>TOTAL SUPPORT AND REVENUE</b>	<b>4,691,484</b>	<b>-</b>	<b>4,691,484</b>	<b>6,921,775</b>	<b>-</b>	<b>6,921,775</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>						
	-	-	-	-	-	-
<b>TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>	<b>4,691,484</b>	<b>-</b>	<b>4,691,484</b>	<b>6,921,775</b>	<b>-</b>	<b>6,921,775</b>

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

**ABLE INDUSTRIES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022		2021			
	Unrestricted	Donor Restricted	Total	Unrestricted	Donor Restricted	Total
<b>EXPENSES</b>						
Program Services	\$ 3,658,793	\$ -	\$ 3,658,793	\$ 4,833,627	\$ -	\$ 4,833,627
Support Services:						
Direct Admin	458,230	-	458,230	478,296	-	478,296
Indirect Admin	896,554	-	896,554	829,985	-	829,985
<b>TOTAL EXPENSES</b>	<u>5,013,577</u>	<u>-</u>	<u>5,013,577</u>	<u>6,141,908</u>	<u>-</u>	<u>6,141,908</u>
<b>CHANGE IN NET ASSETS</b>	<u>(322,093)</u>	<u>-</u>	<u>(322,093)</u>	<u>779,867</u>	<u>-</u>	<u>779,867</u>
<b>NET ASSETS, Beginning of the Period</b>	<u>4,233,989</u>	<u>-</u>	<u>4,233,989</u>	<u>3,454,122</u>	<u>-</u>	<u>3,454,122</u>
<b>NET ASSETS, End of the Period</b>	<u>\$ 3,911,896</u>	<u>\$ -</u>	<u>\$ 3,911,896</u>	<u>\$ 4,233,989</u>	<u>\$ -</u>	<u>\$ 4,233,989</u>

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

**ABLE INDUSTRIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Programs										Support Services			
	Work Center	Warlow		Lifeskills		FMS		Indirect		Direct		Indirect Admin	Fundraising	Total
		Offsite	Rest Area	Rehab	Learning Center	Management	Admin	Admin	Admin	Admin				
Staff Wages	\$ 167,140	\$ 64,751	\$ 87,828	\$ 197,297	\$ 3,539	\$ (312,275)	\$ 1,065,731	\$ 312,275	\$ 416,300	\$ -	\$ 728,575	\$ 1,794,306		
Client and Supported Wages	62,430	56,036	9,343	209	-	(3,561)	800,987	3,561	961	-	4,522	805,509		
Payroll Taxes	20,732	132,910	8,841	16,593	309	(27,026)	162,923	27,026	47,265	-	74,291	237,214		
Workmen's Compensation														
Insurance	13,164	7,697	5,780	1,957	-	(16,492)	108,279	16,492	5,176	-	21,668	129,947		
Medical Insurance	55,079	9,928	20,395	19,077	1,678	(72,115)	233,529	72,115	72,213	-	144,328	377,857		
Pension	6,039	12,760	530	2,622	-	(7,364)	15,852	7,364	15,618	-	22,982	38,834		
Professional Services	266	657	-	1,636	-	-	2,559	-	139,157	-	139,157	141,716		
Production Materials	554,568	-	-	-	-	-	554,568	-	-	-	-	554,568		
Production Supplies	426	1,867	98	1,222	-	-	12,397	-	75	-	75	12,472		
Fundraising Expense	-	92	-	-	-	(92)	-	92	2,968	-	3,060	3,060		
Telephone and Internet	4,664	14,340	1,940	10,411	102	(5,615)	27,092	5,615	16,592	-	22,207	49,299		
Repairs and Maintenance	3,909	44,669	50	16,771	-	(34)	65,594	34	14,183	-	14,217	79,811		
Equipment and Facility														
Rent	153,217	-	1,852	35,341	-	(4,414)	216,251	4,414	30,670	-	35,084	251,335		
Utilities	53,580	-	618	24,588	-	(1,472)	108,507	1,472	13,690	-	15,162	123,669		
Fuel and Oil	226	2,364	-	8,904	-	(1,331)	61,465	1,331	544	-	1,875	63,340		
Vehicle Insurance	795	13,940	678	5,175	-	(825)	19,763	825	489	-	1,314	21,077		
Staff Travel	38	106	986	121	-	(26)	1,425	26	938	-	964	2,389		
Staff Training	-	-	-	-	-	-	-	-	1,822	-	1,822	1,822		
Medical Exams	-	2,310	235	1,380	-	-	3,925	-	-	-	-	3,925		
Supplies	269	20,204	258	28,211	270	(87)	63,374	87	19,863	-	19,950	83,324		
Liability and Cyber Insurance	17,060	3,970	413	7,175	18	(1,063)	27,576	1,063	20,032	-	21,095	48,671		
Advertising and Promotion	-	15,758	74	6,401	-	(39)	22,194	39	41,736	-	41,775	63,969		
Postage and Printing	244	349	626	957	188	(125)	2,242	125	1,201	-	1,326	3,568		
Freight	35,403	-	-	-	-	-	35,403	-	-	-	-	35,403		
Tax and Licenses	686	5,226	172	(2,171)	-	(294)	3,619	294	4,176	-	4,470	8,089		
Dues and Subscriptions	283	433	258	464	-	-	1,438	-	8,753	-	8,753	10,191		
Miscellaneous	520	470	-	50	-	-	1,040	-	4,872	-	4,872	5,912		
Interest	1,484	202	-	-	-	-	1,686	-	66	-	66	1,752		
Research and Development	-	-	-	-	-	-	-	-	4,500	-	4,500	4,500		
Depreciation	9,815	26,425	-	7,114	-	(3,980)	39,374	3,980	12,694	-	16,674	56,048		
<b>TOTAL EXPENSES</b>	<b>\$ 1,162,037</b>	<b>\$ 2,246,090</b>	<b>\$ 171,162</b>	<b>\$ 391,505</b>	<b>\$ 6,104</b>	<b>\$ (458,230)</b>	<b>\$ 3,658,793</b>	<b>\$ 458,230</b>	<b>\$ 896,554</b>	<b>\$ -</b>	<b>\$ 1,354,784</b>	<b>\$ 5,013,577</b>		

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



**ABLE INDUSTRIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Programs										Support Services			
	Work Center	Warflow		Lifeskills		FMS		Indirect		Direct		Indirect		Total
		Offsite	Rest Area	Rehab	Learning Center	Management	Admin	Admin	Admin	Admin	Admin	Admin	Fundraising	
<b>Staff Wages</b>	\$ 238,351	\$ 819,322	\$ 57,392	\$ 118,008	\$ 105,385	\$ 2,474	\$ (319,159)	\$ 1,021,773	\$ 319,159	\$ 499,692	\$ -	\$ 818,851	\$ 1,840,624	
Client and Supported Wages	82,043	655,095	50,583	-	59	-	(4,297)	783,483	4,297	3,699	-	7,996	791,479	
Payroll Taxes	24,494	82,227	5,578	12,057	11,071	276	(31,282)	104,421	31,282	46,807	-	78,089	182,510	
Workmen's Compensation	15,834	84,282	6,359	5,593	1,030	-	(15,318)	97,780	15,318	5,324	-	20,642	118,422	
Insurance	66,522	209,761	8,021	30,158	15,362	1,585	(76,521)	254,888	76,521	68,479	-	145,000	399,888	
Medical Insurance	7,727	11,565	1,182	803	1,903	-	(8,394)	14,786	8,394	15,238	-	23,632	38,418	
Pension	26	52	-	-	807	-	(26)	859	26	66,584	-	66,610	67,469	
Professional Services	1,835,385	118	-	-	-	-	-	1,835,503	-	-	-	-	1,835,503	
Production Materials	3,639	16,351	9,027	-	235	-	-	29,252	-	892	-	892	30,144	
Production Supplies	5,214	15,354	1,170	2,203	10,006	107	(6,279)	27,775	6,279	15,600	-	21,879	49,654	
Telephone and Internet	4,305	48,105	1,334	16	9,851	-	(85)	63,526	85	3,376	-	3,461	66,987	
Repairs and Maintenance	155,327	30,648	-	1,911	35,260	-	(4,599)	218,547	4,599	31,830	-	36,429	254,976	
Equipment and Facility	51,924	32,194	-	589	15,991	-	(1,405)	99,293	1,405	10,593	-	11,998	111,291	
Rent	102	40,540	2,305	15	215	-	(690)	42,487	690	401	-	1,091	43,578	
Utilities	866	14,765	667	-	5,622	-	(919)	21,001	919	536	-	1,455	22,456	
Fuel and Oil	24	918	4	567	-	-	-	1,513	-	343	-	343	1,856	
Vehicle Insurance	-	-	-	-	-	-	-	-	-	1,639	-	1,639	1,639	
Staff Travel	310	1,600	-	-	780	-	(260)	2,430	260	210	-	470	2,900	
Staff Training	2,087	16,216	8,306	1,468	6,133	76	(971)	33,315	971	14,626	-	15,597	48,912	
Medical Exams	16,029	3,649	26	333	7,057	26	(1,101)	26,019	1,101	18,614	-	19,715	45,734	
Supplies	2,101	8,486	-	-	1,978	-	(2,101)	10,464	2,101	2,012	-	4,113	14,577	
Liability and Cyber Insurance	785	569	31	1,648	1,969	245	(189)	5,058	189	1,179	-	1,368	6,426	
Advertising and Promotion	37,916	-	-	-	-	-	-	37,916	-	-	-	-	37,916	
Postage and Printing	303	-	-	22,127	-	-	-	22,430	-	613	-	613	23,043	
Freight	712	6,722	-	-	9,819	-	(399)	16,854	399	3,414	-	3,813	20,667	
Bad Debts	4,478	503	-	248	598	-	(25)	5,802	25	5,481	-	5,506	11,308	
Tax and Licenses	600	982	-	-	310	-	(200)	1,692	200	4,195	-	4,395	6,087	
Dues and Subscriptions	1,509	1,232	-	1	-	-	-	2,742	-	358	-	358	3,100	
Miscellaneous	10,662	27,407	-	-	18,025	-	(4,076)	52,018	4,076	8,250	-	12,326	64,344	
Interest														
Depreciation														
<b>TOTAL EXPENSES</b>	<b>\$ 2,569,275</b>	<b>\$ 2,128,663</b>	<b>\$ 151,985</b>	<b>\$ 197,745</b>	<b>\$ 259,466</b>	<b>\$ 4,789</b>	<b>\$ (478,296)</b>	<b>\$ 4,833,627</b>	<b>\$ 478,296</b>	<b>\$ 829,985</b>	<b>\$ -</b>	<b>\$ 1,308,281</b>	<b>\$ 6,141,908</b>	

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

**ABLE INDUSTRIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (322,093)	\$ 779,867
Adjustments to Reconcile Change in Net Assets to Net Cash		
Flows from Operating Activities:		
Depreciation	55,899	64,344
Loss on Disposal of Assets	-	2,434
Forgiveness of SBA Paycheck Protection Program	-	(408,168)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(41,803)	189,750
Inventory	76,422	45,050
Prepaid Expenses	37,088	(18,570)
Deposits	(1,006,550)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(51,828)	(76,353)
Accrued Expenses	(182,419)	11,167
Compensated Absences	15,638	(584)
Unearned Revenue	(4,429)	4,429
Net Cash Provided (Used) by Operating Activities	(1,424,075)	593,366
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sale of Assets	-	5,873
Acquisitions of Property and Equipment	(86,439)	(26,085)
Net Cash Used by Investing Activities	(86,439)	(20,212)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on SBA Paycheck Protection Program	-	(40,832)
Payments on Notes Payable	-	(17,178)
Net Cash Provided (Used) by Financing Activities	-	(58,010)
Net Increase in Cash and Cash Equivalents	(1,510,514)	515,144
Cash and Cash Equivalents - Beginning of Year	3,545,681	3,030,537
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,035,167</b>	<b>\$ 3,545,681</b>

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

**ABLE INDUSTRIES, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Non-Cash Financing Activity:		
Cost of Property and Equipment Acquisitions	\$ 86,439	\$ 26,085
Less Financed Acquisitions	<u>-</u>	<u>-</u>
Net Cash Paid for Property and Equipment	<u>\$ 86,439</u>	<u>\$ 26,085</u>
Interest Paid	<u>\$ 1,751</u>	<u>\$ 3,460</u>

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

**ABLE INDUSTRIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

1. Summary of Significant Accounting Policies

Nature of Activities

Able Industries, Inc. (the Organization), is a non-profit organization serving handicapped adults in Tulare County, with the primary goal of providing work opportunities to develop and refine skills essential to improve productivity. Primary revenue sources include contracted services and vendor fees with state and local agencies and manufacturing contracts with businesses and organizations statewide.

Financial Statement Presentation

The Organization is required to report information regarding the financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Income Taxes

The Organization has received an exemption from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, these statements do not reflect income taxes on earnings.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2022 and 2021, the Organization exceeded the insured limit by approximately \$1,535,167 and \$3,167,324 respectively.

Accounts Receivable

All accounts receivable are considered to be fully collectible, therefore no allowance for doubtful accounts is deemed necessary. If amounts become uncollectible, they will be charged to operations when the determination is made.

**ABLE INDUSTRIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

1. Summary of Significant Accounting Policies (Continued)

Inventory

Inventories of raw material are valued at the lower of cost or net realizable value on a first-in, first-out basis. Inventory also includes some merchandise for which some minor processing has been performed. Accounting principles generally accepted in the United States of America require these processing charges be included as part of inventory.

Property and Equipment

Property and equipment are valued at cost, if purchased or at fair value at the date of the gift, if donated less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The estimated useful life ranges from 5-45 years depending upon the type of asset. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Generally, all property and equipment acquisition of \$2,500 or more are capitalized.

Depreciation expense for the years ended June 30, 2022 and 2021 was \$55,899 and \$64,344, respectively. Any property and equipment sold or disposed of are removed from the books of the Organization along with the corresponding accumulated depreciation, and any gain or loss is recognized in the year of sale or disposition.

Support and Restrictions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions. Donations of cash are reported as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Contributed Services

During the years ended June 30, 2022 and 2021 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been shown separately on these financial statements.

**ABLE INDUSTRIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

1. Summary of Significant Accounting Policies (Continued)

Advertising Costs

It is the policy of the Organization to expense advertising costs as incurred. Advertising costs for the years ended June 30, 2022 and 2021 was \$63,969 and \$14,577, respectively.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, interest, maintenance and repairs, and utilities, which are allocated on a square footage basis; meetings, education and training, office supplies, which are allocated based on full-time equivalents; and salaries and wages and employee benefits and payroll taxes, which are allocated on the basis of time sheets supporting actual time and effort and technology which is based on the number of computers in the department.

Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 28, 2022 and the date the financial statements were available to be issued.

**ABLE INDUSTRIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

2. Property and Equipment

The additions and disposal of property and equipment, along with related accumulated depreciation accounts consisted of the following:

	Balance, 6/30/21	Additions	Deletions	Balance, 6/30/22
Land	\$ 88,729	\$ -	\$ -	\$ 88,729
Building and Improvements	1,052,345	-	-	1,052,345
Landscaping	3,519	-	-	3,519
Production Equipment	270,298	-	-	270,298
Office Equipment	155,084	38,748	-	193,832
Vehicles	391,201	47,691	-	438,892
<b>Total Assets</b>	<b>1,961,176</b>	<b>\$ 86,439</b>	<b>\$ -</b>	<b>2,047,615</b>
Accumulated Depreciation	1,621,146	-	(55,899)	1,677,045
<b>Net Property and Equipment</b>	<b>\$ 340,030</b>			<b>\$ 370,570</b>

3. Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classification, length of service and other factors.

Effective July 1, 1992, employees during the first five years may accrue vacation hours up to a maximum of one hundred sixty hours. Employees who have completed five years of service may accrue vacation up to two hundred sixteen hours. Once an employee accrues the maximum, the accrual will cease until such time as the employee has taken enough vacation time off to reduce his balance below their threshold. Pay in lieu of vacation is not allowed, but accrued vacation will be paid upon termination of employment. A liability for accrued compensated vacation time in the amount of \$90,488 and \$74,850 for the years ending June 30, 2022 and 2021, respectively, is reflected in the financial statements.

**ABLE INDUSTRIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

3. Compensated Absences (Continued)

Employees of the Organization are also entitled to paid sick days off. Regular full-time employees accrue paid sick leave at the rate of four hours per month up to a maximum of two hundred and forty hours. Regular part-time employees are eligible to receive sick leave on a prorated proportion according to the employees regular scheduled work week. A maximum of two hundred forty hours of sick pay may be carried over from year to year, however, pay in lieu of sick days off is not allowed nor will it be paid upon termination of employment.

4. Deposit For Land Purchase

The Organization made a down payment in the amount of \$1,006,550 to American Incorporated with the intent of purchasing a real property, subject to financing approval.

5. SBA Paycheck Protection Program Loan

On May 7, 2020, Able Industries, Inc. was granted a loan (the "loan") from Citizens Business Bank in the amount of \$449,000, pursuant to the U.S. Small Business Administration (the "SBA") Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The SBA PPP Loan, which was in the form of a note dated May 7, 2020 issued by Citizens Business Bank, matures on May 7, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on October 7, 2020. The note may be prepaid at any time prior to the maturity with no prepayment penalties. Under the terms of the PPP, certain amounts may be forgiven if they are used for qualifying expenses as described in the CARES Act. Able Industries, Inc. intends to use the entire loan amount for qualifying expenses prior to the date the first payment is due.

On February 16, 2021 the Organization was forgiven \$408,168 of the total amount received of \$449,000. The remaining balance of \$40,832 was paid in full by February 2021.



**ABLE INDUSTRIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

6. Subsidized Salaries

The Organization receives salary subsidies, rent and service fees from the local school district in which it operates. Visalia Unified School District pays subsidies to the Organization, which are reported as part of revenue with the corresponding expense included in staff wages and related expenses.

7. Retirement Plan

Effective July 1, 1999, the Organization established a 403(b) Retirement Plan. Employees become eligible after one month of service. The Organization matches all salary deferral amounts after one year of service, up to 4% of salary. The amount of matching is determined annually by the Board of Directors. Salary deferral and matching contributions are 100% vested immediately. The amount of pension expense for the years ending June 30, 2022 and 2021 was \$38,848 and \$38,418, respectively.

8. Operating Lease

On September 1, 2019 the Organization renewed the operating lease agreement that will expire on September 30, 2022 for the lease of office space. For the years ended June 30, 2022 and 2021 total lease costs were \$216,251 and \$218,832 respectively. Future obligations over the lease term of the Organization's long-term leases as of June 30, 2022 were as follows:

<u>June 30,</u>	
2023	\$ 56,418
2024	-
2025	-
2026	-
Thereafter	-
	<u>\$ 56,418</u>

**ABLE INDUSTRIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

9. Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year from the statement of financial position date for general operating expenses are as follows:

	2022	2021
Cash and Cash Equivalents	\$ 2,035,167	\$ 3,545,681
Accounts Receivable	545,624	503,821
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,580,791	\$ 4,049,502

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure. The Organization is required to maintain financial assets to meet three months of general operations.

10. Subsequent Events

The Organization signed a letter of intent for a real estate purchase for the amount of \$4,500,000. The down payment in note 4 was applied to this purchase and the remaining balance of approximately \$3,500,000 was financed at an interest rate of 5.125% over ten years.

**OTHER INDEPENDENT AUDITORS' REPORT**

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

To the Board of Directors of  
Able Industries, Inc.  
Visalia, California

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 financial statements of Able Industries, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Able Industries, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Able Industries, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Able Industries, Inc.'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. 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Able Industries, Inc.'s financial statements are free from 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 financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pine Pedroncelli & Aguilera, Inc*

Visalia, California  
November 28, 2022