UNITED FRIENDS OF THE CHILDREN

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

UNITED FRIENDS OF THE CHILDREN

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Friends of the Children

Report on the Financial Statements
We have audited the accompanying financial statements of United Friends of the Children, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 United Friends of the Children as of June 30, 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.

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Report on Summarized Comparative Information

We have previously audited United Friends of the Children's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

March 23, 2022
Los Angeles, California

UNITED FRIENDS OF THE CHILDREN

STATEMENT OF FINANCIAL POSITION
June 30, 2021
With Summarized Totals at June 30, 2020

	2021			
ASSETS	Without Donor Restrictions	With Donor Restrictions	Total	2020 Total
Cash	$ 1,052,095	$ 1,260,039	$ 2,312,134	$ 2,620,468
Investments	3,855,118	-	3,855,118	3,034,953
Contract Receivables	759,262	-	759,262	407,179
Contributions and Pledges Receivable (Net)	-	2,158,328	2,158,328	2,799,193
Prepaid Expenses and Other Assets	180,715	-	180,715	221,988
Beneficial Interest in Assets Held by Others	-	960,096	960,096	766,371
Property and Equipment (Net)	63,146	-	63,146	13,115
TOTAL ASSETS	$ 5,910,336	$ 4,378,463	$ 10,288,799	$ 9,863,267
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ 821,336	$ -	$ 821,336	$ 925,092
Deferred Revenue	838,984	-	838,984	952,707
Paycheck Protection Program Loan	883,400	-	883,400	892,100
Line of Credit	-	-	-	1,000,000
TOTAL LIABILITIES	2,543,720	-	2,543,720	3,769,899
NET ASSETS:				
Without Donor Restrictions	$ 3,366,616	$ -	$ 3,366,616	$ 1,269,953
With Donor Restrictions	-	4,378,463	4,378,463	4,823,415
TOTAL NET ASSETS	3,366,616	4,378,463	7,745,079	6,093,368
TOTAL LIABILITIES AND NET ASSETS	$ 5,910,336	$ 4,378,463	$ 10,288,799	$ 9,863,267

The Accompanying Notes are an Integral Part of These Financial Statements

UNITED FRIENDS OF THE CHILDREN

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021
With Summarized Totals for the Year Ended June 30, 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT:				
Contributions from Foundations, Corporations and Individuals	$ 1,350,445	$ 2,004,895	$ 3,355,340	$ 4,120,843
Government Contracts	3,340,732	-	3,340,732	2,787,045
Donated Use of Facilities	1,559,271	-	1,559,271	1,468,398
Special Event Revenue (Net Of Direct Donor Benefit Expenses of $73,925)	585,665	-	585,665	100,194
Investment Return (Net)	851,849	-	851,849	203,762
Contributed Legal Services	43,923	-	43,923	8,008
Change in Beneficial Interest in Assets Held by Others	-	193,725	193,725	(1,102)
Forgiveness of Paycheck Protection Program Loan	892,100	-	892,100	-
Other Income	2,237	-	2,237	3,640
Net Assets Released From Donor Restrictions	2,643,572	(2,643,572)	-	-
TOTAL REVENUES AND SUPPORT	11,269,794	(444,952)	10,824,842	8,690,788
EXPENSES:				
Program Services	7,789,095	-	7,789,095	8,240,725
General and Administrative	387,696	-	387,696	368,361
Fundraising	996,340	-	996,340	983,819
TOTAL EXPENSES	9,173,131	-	9,173,131	9,592,905
CHANGE IN NET ASSETS	2,096,663	(444,952)	1,651,711	(902,117)
Net Assets - Beginning of Year	1,269,953	4,823,415	6,093,368	6,995,485
NET ASSETS - END OF YEAR	$ 3,366,616	$ 4,378,463	$ 7,745,079	$ 6,093,368

The Accompanying Notes are an Integral Part of These Financial Statements

UNITED FRIENDS OF THE CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021
With Summarized Totals for the Year Ended June 30, 2020

	2021						2020
	Program Services						
	Scholars	Housing	Total Program Services	General and Administrative	Fundraising	Total Expenses	Total Expenses
Salaries	$ 1,552,120	$ 1,571,416	$ 3,123,536	$ 73,936	$ 566,159	$ 3,763,631	$ 4,208,080
Payroll Taxes	238,291	239,257	477,548	12,025	83,439	573,012	641,585
TOTAL PERSONNEL COSTS	1,790,411	1,810,673	3,601,084	85,961	649,598	4,336,643	4,849,665
Facility Use (including Donated Facility Use)	127,936	1,702,369	1,830,305	7,320	40,201	1,877,826	1,816,931
Property Management	-	779,480	779,480	-	-	779,480	519,037
Youth Services and Assistance	13,761	539,713	553,474	-	-	553,474	689,025
Education and Youth Services	499,966	-	499,966	-	-	499,966	644,412
Consulting Services	16,258	16,462	32,720	205,164	72,231	310,115	316,889
Office Expense	64,705	104,763	169,468	3,823	34,575	207,866	199,434
Insurance	63,131	63,923	127,054	3,982	21,866	152,902	141,611
Repairs and Maintenance	60,391	61,149	121,540	3,809	20,917	146,266	73,631
Professional Services	-	-	-	79,122	-	79,122	53,793
Depreciation	13,958	14,133	28,091	882	4,834	33,807	16,909
Marketing and Communications	16,738	664	17,402	-	147,475	164,877	108,183
Staff and Board Expenses	6,275	5,288	11,563	329	1,895	13,787	37,818
Professional Development	4,627	3,012	7,639	171	2,358	10,168	21,092
Furniture and Appliances	177	4,004	4,181	11	61	4,253	21,670
Program Evaluation	1,607	1,607	3,214	-	-	3,214	17,574
Parking	951	963	1,914	60	329	2,303	39,251
Bad Debt Expense	-	-	-	-	-	-	23,350
Miscellaneous	-	-	-	(2,938)	-	(2,938)	2,630
TOTAL 2021 FUNCTIONAL EXPENSES	$ 2,680,892	$ 5,108,203	$ 7,789,095	$ 387,696	$ 996,340	$ 9,173,131	
			85%	4%	11%	100%	
TOTAL 2020 FUNCTIONAL EXPENSES	$ 3,086,852	$ 5,153,873	$ 8,240,725	$ 368,361	$ 983,819		$ 9,592,905
			86%	4%	10%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

UNITED FRIENDS OF THE CHILDREN

STATEMENT OF CASH FLOWS
Year Ended June 30, 2021
With Summarized Totals for the Year Ended June 30, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 1,651,711	$ (902,117)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities:		
Depreciation	33,807	16,909
Loss on Disposal of Property and Equipment	-	26,890
Net Realized and Unrealized Gains on Investments	(806,620)	(144,172)
Forgiveness of Paycheck Protection Program Loan	(892,100)	
Donated Stock	-	(10,742)
Proceeds from Sale of Donated Stock	-	10,562
Realized Loss on Sale of Donated Stock	-	180
Change in Discount on Pledges Receivable	-	(45,842)
Change in Beneficial Interest in Assets Held by Others	(193,725)	1,102
Bad Debt Expense	-	23,350
Contribution Restricted for Investment in Perpetuity	-	(20,000)
(Increase) Decrease in:		
Contract Receivables	(352,083)	463,070
Contributions and Pledges Receivable	640,865	1,004,153
Prepaid Expenses and Other Assets	41,273	(89,032)
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	(103,756)	(49,304)
Deferred Revenue	(113,723)	153,695
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(94,351)	438,702
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(83,838)	-
Interest and Dividends Reinvested	(13,545)	(26,420)
Sale of Investments	340,381	124,008
Purchase of Investments	(340,381)	(137,618)
NET CASH USED IN INVESTING ACTIVITIES	(97,383)	(40,030)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contribution Restricted for Investment in Perpetuity	-	20,000
Proceeds from Paycheck Protection Program Loan	883,400	892,100
Net Draws (Payments) on Line of Credit	(1,000,000)	1,000,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(116,600)	1,912,100
NET INCREASE (DECREASE) IN CASH	(308,334)	2,310,772
Cash - Beginning of Year	2,620,468	309,696
CASH - END OF YEAR	$ 2,312,134	$ 2,620,468
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid during the Year for Interest	$ 33,275	$ 18,269

The Accompanying Notes are an Integral Part of These Financial Statements

NOTE 1 - ORGANIZATION

United Friends of the Children (the Organization) is a nonprofit organization dedicated to bettering the lives of foster children. The Organization empowers current and former foster youth on their journey to self-sufficiency through service-enriched education and housing programs, advocacy, and consistent relationships with a community of people who care.

For the past 40 years, the Organization has provided in-depth services designed specifically to help current and former foster youth become successfully independent after they leave the foster care system. Currently, the Organization offers two core programs. Pathways to Independence (Pathways) provides transition-aged (18-24 years old), former foster youth with quality housing and intensive supportive services in a program model that requires increasing levels of personal responsibility and initiative. The Pathways program consists of eleven housing sites, with a total occupancy of 107 youth. The United Friends Scholars Program prepares and supports middle and high school and college youth on their journeys to and through a college degree. Through its programs and wide-sweeping special events, the Organization is working successfully to increase the educational and housing outcomes of youth in Los Angeles' foster care system.

The Organization raises funds primarily through contributions from foundations, corporations, and individual donors. The Organization is also a recipient of various government contracts with the County of Los Angeles Transitional Housing Program Plus (THP+) and the Los Angeles Homeless Services Authority.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions**. Net assets available for use in general operations and not subject to donor-imposed restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) NET ASSETS (continued)

- **Net Assets With Donor Restrictions**. Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(c) CASH

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

(d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in investment return in the statement of activities and represent the change in the difference between the cost and fair value of investments held at the end of the fiscal year.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) GOVERNMENT CONTRACTS AND CONTRACT RECEIVABLES

The Organization recognizes government contracts revenue as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or nonreciprocal. The Organization's government contracts revenue is primarily derived from nonreciprocal grants, which are conditioned upon certain performance requirements such as bed occupancy and/or the incurrence of allowable qualifying expenditures up to an amount not to exceed the total contract authorized. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant or contract provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

At June 30, 2021, the majority of contracts receivable are due from governmental agencies and no allowance for doubtful accounts receivable was considered necessary

(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions, including endowment gifts and pledges, as well as unconditional promises to give, are recognized as revenue in the period promised. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not included as revenue until the conditions on which they depend have been met. Pledges receivable expected to be collected within one year are recorded at their net realizable value. Pledges receivable expected to be collected in future years are recorded at the present value of estimated future cash flows discounted at an appropriate market interest rate at the time of the contribution. The discount amounted to $17,609 at June 30, 2021. At June 30, 2021, the Organization evaluated the collectability of pledges receivable and determined that no allowance for uncollectible pledges receivable was considered necessary.

(g) BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has entered into an irrevocable agreement with California Community Foundation (CCF), whereby CCF has established a United Friends of the Children College Scholarship Fund (the Fund). The Organization is named as the beneficiary of the Fund in the agreement with CCF, and CCF has discretion to distribute the Fund and any future earnings for the broad charitable uses and purposes of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred while renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than five thousand dollars and the useful life is greater than one year.

The estimated useful lives of furniture and equipment is three years.

(i) LONG-LIVED ASSETS

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. No impairment losses were recognized during the year ended June 30, 2021.

(j) PAYCHECK PROTECTION PROGRAM LOANS

Management has elected to account for the forgivable loans received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as debt instruments and to accrue interest on the outstanding loan balances. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Organization has been legally released or (2) the Organization repays the loan to the lender.

(k) DEFERRED REVENUE

Deferred revenue consists of advance funds received from Los Angeles Homeless Services Authority which have not yet met the conditions to be recognized as revenue.

(l) CONCENTRATION OF CREDIT RISK

The Organization places its cash and investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Organization has not incurred losses related to these investments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) CONCENTRATION OF CREDIT RISK (continued)

The Organization holds investments in the form of mutual funds. Market values of such investments and credit ratings of bond issuers are routinely reviewed by the Board of Directors.

(m) CONTRIBUTED GOODS, FACILITIES AND SERVICES

Contributions of donated noncash assets and facility use are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended June 30, 2021, the Organization recognized $43,923 of donated legal services.

During the year ended June 30, 2021, the Organization received donated services from unpaid volunteers who made significant contributions of their time providing a broad range of support; however, the value of these services is not reflected in the financial statements because the criteria for recognition were not met.

(n) INCOME TAXES

The Organization is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic No.740, *Uncertainty in Income Taxes*, the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2021, the Organization performed an evaluation of uncertain tax positions and did not identify any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

(o) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Organization's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Organization uses full time equivalent ratios to allocate indirect costs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

(q) RECLASSIFICATIONS

Certain balances at June 30, 2020 have been reclassified, where appropriate, to conform with the presentation used at June 30, 2021.

(r) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

(s) NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions, and various other narrow aspects, as identified and addressed in such updates. The Organization implemented the ASU during the year ended June 30, 2021. There was no significant impact to the Organization's financial statements as a result of the implementation of this ASU.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the financial statements. For the Organization, the ASU will be effective for the year ending June 30, 2023.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For the Organization, the ASU will be effective for the year ending June 30, 2022.

(t) SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2021 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through March 23, 2022, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred except as described in Note 7 and Note 9(a).

NOTE 3 - FAIR VALUE MEASUREMENTS

The Organization has adopted the fair value standard that clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Further, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The fair value standard establishes a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The following table presents information about the Organization's assets that are measured at fair value on a recurring basis at June 30, 2021, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using		
	Year Ended June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds:				
Fixed Income	$ 1,160,487	$ 1,160,487	$ -	$ -
Equity	2,694,631	2,694,631	-	-
TOTAL INVESTMENTS	3,855,118	3,855,118	-	-
Beneficial Interest in Assets Held by Others	960,096	-	960,096	-
TOTAL ASSETS	$ 4,815,214	$ 3,855,118	$ 960,096	$ -

The fair value of mutual funds within Level 1 was obtained based on quoted market prices at the closing of the last business day of the fiscal year. The fair value of the beneficial interest in assets held by others is based on the fair value of the underlying assets in the pooled investment fund as reported by fund managers.

For the year ended June 30, 2021, the change in the beneficial interest in assets held by others is classified is as follows:

Balance - Beginning of Year	$ 766,371
Change in Beneficial Interest	193,725
BALANCE - END OF YEAR	$ 960,096

NOTE 4 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable at June 30, 2021, are expected to be collected as follows:

Due in Less Than One Year	$ 1,475,937
Due in 1-5 Years	700,000
TOTAL	2,175,937
Less: Present Value Discount at 2%	(17,609)
PLEDGES RECEIVABLE (NET)	$ 2,158,328

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 consists of the following:

Furniture and Equipment	$ 1,365,408
Less: Accumulated Depreciation	(1,302,262)
PROPERTY AND EQUIPMENT (NET)	$ 63,146

Depreciation expense for the year ended June 30, 2021 was $33,807.

NOTE 6 - DONATED USE OF FACILITIES

The Organization has multiple lease agreements with the Community Development Commission of the County of Los Angeles, whereby the Organization leases various buildings in Los Angeles, California. The initial terms of the agreements were for the rent-free use of buildings for 55 years. The agreements are at a nominal rent of $1 per year. The Organization offers all units on the premises to very low-income foster youth as part of the program services provided. Given the length of the leases, the Organization recognizes revenue and expenses representing the fair value of the rent for the facility on an annual basis. The fair value of the facility totaled $1,547,403 for the year ended June 30, 2021. In addition, the Organization received donated facility use of another property valued at $11,868 for the year ended June 30, 2021.

NOTE 7 - LINE OF CREDIT

The Organization has a line of credit facility with a financial institution up to $1,000,000, that expired October 1, 2021 and which was renewed effective December 23, 2021 for a further year. At June 30, 2021, no amounts were outstanding on the line of credit. The line of credit bears interest at the bank's index rate (3.25% at June 30, 2021) plus 0.5%, with an interest rate floor of 3.5%. The line of credit agreement includes certain financial covenants, with which the Organization was in compliance at June 30, 2021. The line of credit is collateralized by substantially all the assets of the Organization.

NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received a first draw Paycheck Protection Program (PPP) loan in the amount of $892,100. This first draw PPP loan, including accrued interest, was forgiven in full during the year ended June 30, 2021 and is reflected as forgiveness income in the statement of activities.

In March 2021, the Organization received a second draw PPP loan in the amount of $883,400. The second draw PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of five years, and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. If the Organization does not apply for forgiveness within 10 months after the last day of the covered period (defined, at the Organization's election, as either 8 weeks or 24 weeks), such payments will be due that month.

The Organization intends to apply for forgiveness of the second draw PPP loan with respect to the eligible expenses incurred during the covered period. To the extent that all or part of the PPP loan is not forgiven, the Organization will be required to pay interest on the PPP loan at a rate of 1.0% per annum. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events.

At June 30, 2021, the total outstanding balance of the second draw PPP loan was $883,400.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

The Organization leased its office space under a noncancelable operating lease agreement that expired in June 2021.

Subsequent to year-end, the Organization renewed its operating lease for office space, and the future minimum rental commitments are as follows:

Years Ending June 30	
2022	$ 55,391
2023	56,621
2024	57,852
2025	59,083
2026	60,314
TOTAL	$ 289,261

Rent expense for the year ended June 30, 2021 was $1,877,826, which includes in-kind rent expense of $1,559,271.

(b) LEGAL PROCEEDINGS

In the normal course of business, the Organization may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a material impact on the financial statements of the Organization as of June 30, 2021.

NOTE 10 - EMPLOYEE BENEFIT PLAN

The Organization maintains a defined-contribution plan that covers all employees. The plan is qualified under Section 403(b) of the Internal Revenue Code and provides that all employees may voluntarily become participants on their dates of hire. Participants can contribute up to the IRS maximum allowable contribution limit of their salaries to the plan; however, the Organization does not make matching contributions.

Effective January 1, 2006, the Organization established a policy in which all regular full-time exempt and non-exempt employees are eligible to receive a defined contribution of $350 per month, which they can use to pay for health benefits. The unused portion of the $350, up to a maximum of $200, can be contributed to their plan accounts. There were no contributions made for the year ended June 30, 2021.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2021:

Subject to the Passage of Time:	
Time Restricted	$ 450,000
Subject to Expenditure for Specified Purpose:	
Scholars	3,120,482
Housing	739,095
COVID-19	24,347
Other Programs	4,539
Not Subject to Appropriation or Expenditure:	
Donor-Restricted Endowment Corpus	40,000
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	$ 4,378,463

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2021:

Expiration of Specified Time Period:	
Time Restriction	$ 25,000
Satisfaction of Purpose Restrictions:	
Scholars	2,018,187
Housing	291,854
COVID-19	252,283
Other Programs	56,248
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	$ 2,643,572

NOTE 12 - ENDOWMENTS

The Organization has a donor-restricted endowment fund, the earnings of which support the Organization's programs. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's management understands California State law as (1) requiring the preservation of the fair market value of the original gifts as of the gift date of the donor-restricted endowment funds, and (2) allowing the spending of income and gains on endowments required to be maintained in perpetuity, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity. The primary long-term financial objective for the Organization's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, annual growth percentage and costs of portfolio management. In the absence of explicit donor instructions, the Organization's spending policy allows that up to 5% of the endowment base shall be available to support the Organization's programs annually. The endowment base is defined as 12-quarters moving average of the market value of the total endowment portfolio. Investment return related to the Organization's donor-restricted endowments is recorded as revenue with donor restrictions unless otherwise directed by the donor's gift instrument.

At June 30, 2021, The Organization's endowment net assets composition by type of fund was as follows:

Endowment Net Asset Composition by Type of Fund At June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted:			
Original Donor-Restricted Gift Amount	$ -	$ 40,000	$ 40,000
Accumulated Investment Gains	-	-	-
ENDOWMENT NET ASSETS - JUNE 30, 2021	$ -	$ 40,000	$ 40,000

NOTE 12 - ENDOWMENTS (continued)

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization had no endowment funds with deficiencies at June 30, 2021.

Changes in Endowment Net Assets for the Year Ended June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - July 1, 2020	$ -	$ 40,000	$ 40,000
Contributions	-	-	-
Investment Return (Net)	-	-	-
Appropriation of Endowment Assets for Expenditure	-	-	-
ENDOWMENT NET ASSETS - JUNE 30, 2021	$ -	$ 40,000	$ 40,000

NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Organization at June 30, 2021 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2021:	
Cash	$ 1,052,095
Investments	3,855,118
Contract Receivables	759,262
FINANCIAL ASSETS AVAILABLE MEET GENERAL EXPENDITURES WITHIN ONE YEAR	$ 5,666,475

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has various sources of liquidity at its disposal, including cash and marketable debt and equity securities, including a line of credit facility with a financial institution of up to $1,000,000.