UNITED FRIENDS OF THE CHILDREN

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

UNITED FRIENDS OF THE CHILDREN

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
United Friends of the Children

Opinion
We have audited the financial statements of United Friends of the Children, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Friends of the Children as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Friends of the Children and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Friends of the Children's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

In performing an audit in accordance with GAAS, we:

- 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 United Friends of the Children'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 United Friends of the Children'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.

Report on Summarized Comparative Information
We have previously audited United Friends of the Children's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

May 9, 2023
Los Angeles, California

UNITED FRIENDS OF THE CHILDREN

STATEMENT OF FINANCIAL POSITION
June 30, 2022
With Summarized Totals at June 30, 2021

ASSETS	2022 Without Donor Restrictions	2022 With Donor Restrictions	2022 Total	2021 Total
Cash	$ 235,959	$ 1,270,647	$ 1,506,606	$ 2,312,134
Investments	3,120,679	1,000,000	4,120,679	3,855,118
Contract Receivables	1,357,939	-	1,357,939	759,262
Contributions and Pledges Receivable	48,013	2,163,000	2,211,013	2,158,328
Prepaid Expenses and Other Assets	110,822	-	110,822	180,715
Beneficial Interest in Assets Held by Others	-	839,639	839,639	960,096
Property and Equipment (Net)	66,335	-	66,335	63,146
TOTAL ASSETS	$ 4,939,747	$ 5,273,286	$ 10,213,033	$ 10,288,799
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ 619,175	$ -	$ 619,175	$ 821,336
Deferred Revenue	838,984	-	838,984	838,984
Paycheck Protection Program Loan	-	-	-	883,400
TOTAL LIABILITIES	1,458,159	-	1,458,159	2,543,720
NET ASSETS:				
Without Donor Restrictions	3,481,588	-	3,481,588	3,366,616
With Donor Restrictions	-	5,273,286	5,273,286	4,378,463
TOTAL NET ASSETS	3,481,588	5,273,286	8,754,874	7,745,079
TOTAL LIABILITIES AND NET ASSETS	$ 4,939,747	$ 5,273,286	$ 10,213,033	$ 10,288,799

The Accompanying Notes are an Integral Part of These Financial Statements

UNITED FRIENDS OF THE CHILDREN

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022
With Summarized Totals for the Year Ended June 30, 2021

	2022			
	Without Donor Restrictions	With Donor Restrictions	Total	2021 Total
REVENUES AND SUPPORT:				
Contributions from Foundations, Corporations and Individuals	$ 811,637	$ 3,656,932	$ 4,468,569	$ 3,355,340
Government Contracts	2,963,248	-	2,963,248	3,340,732
Donated Use of Facilities	1,572,156	-	1,572,156	1,559,271
Special Event Revenue (Net Of Direct Donor Benefit Expenses of $73,668)	360,550	-	360,550	585,665
Investment Return (Net)	(698,384)	-	(698,384)	851,849
Contributed Legal Services	59,641	-	59,641	43,923
Change in Beneficial Interest in Assets Held by Others	-	(120,457)	(120,457)	193,725
Forgiveness of Paycheck Protection Program Loan	883,400	-	883,400	892,100
Other Income	10,988	-	10,988	2,237
Net Assets Released From Donor Restrictions	2,641,652	(2,641,652)	-	-
TOTAL REVENUES AND SUPPORT	8,604,888	894,823	9,499,711	10,824,842
EXPENSES:				
Program Services	7,071,089	-	7,071,089	7,789,095
General and Administrative	433,988	-	433,988	387,696
Fundraising	984,839	-	984,839	996,340
TOTAL EXPENSES	8,489,916	-	8,489,916	9,173,131
CHANGE IN NET ASSETS	114,972	894,823	1,009,795	1,651,711
Net Assets - Beginning of Year	3,366,616	4,378,463	7,745,079	6,093,368
NET ASSETS - END OF YEAR	$ 3,481,588	$ 5,273,286	$ 8,754,874	$ 7,745,079

The Accompanying Notes are an Integral Part of These Financial Statements

UNITED FRIENDS OF THE CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022
With Summarized Totals for the Year Ended June 30, 2021

	2022						2021
	Program Services						
	Scholars	Housing	Total Program Services	General and Administrative	Fundraising	Total Expenses	Total Expenses
Salaries	$ 1,454,784	$ 1,390,528	$ 2,845,312	$ 106,308	$ 572,187	$ 3,523,807	$ 3,763,631
Payroll Taxes	221,642	211,312	432,954	14,649	80,090	527,693	573,012
TOTAL PERSONNEL COSTS	1,676,426	1,601,840	3,278,266	120,957	652,277	4,051,500	4,336,643
Facility Use (including Donated Facility Use)	36,044	1,589,823	1,625,867	1,566	9,091	1,636,524	1,877,826
Property Management	-	770,648	770,648	-	-	770,648	779,480
Youth Services and Assistance	15,929	537,393	553,322	-	-	553,322	553,474
Education and Youth Services	334,696	-	334,696	-	-	334,696	499,966
Consulting Services	27,673	26,662	54,335	205,887	60,126	320,348	310,115
Office Expense	61,310	110,844	172,154	3,689	36,037	211,880	207,866
Marketing and Communications	12,903	309	13,212	-	175,788	189,000	164,877
Insurance	61,960	59,199	121,159	4,014	23,299	148,472	152,902
Repairs and Maintenance	47,226	45,122	92,348	3,059	17,758	113,165	146,266
Professional Services	-	-	-	92,831	-	92,831	79,122
Depreciation	11,382	10,875	22,257	736	4,280	27,273	33,807
Staff and Board Expenses	13,108	7,833	20,941	531	3,256	24,728	13,787
Professional Development	4,014	2,818	6,832	89	1,971	8,892	10,168
Miscellaneous	2,622	2,430	5,052	629	956	6,637	6,832
TOTAL 2022 FUNCTIONAL EXPENSES	$ 2,305,293	$ 4,765,796	$ 7,071,089	$ 433,988	$ 984,839	$ 8,489,916	
			83%	5%	12%	100%	
TOTAL 2021 FUNCTIONAL EXPENSES	$ 2,680,892	$ 5,108,203	$ 7,789,095	$ 387,696	$ 996,340		$ 9,173,131
			85%	4%	11%		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, 2022
With Summarized Totals for the Year Ended June 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 1,009,795	$ 1,651,711
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities:		
Depreciation	27,273	33,807
Net Realized and Unrealized (Gain) Loss on Investments	758,802	(806,620)
Forgiveness of Paycheck Protection Program Loan	(883,400)	(892,100)
Change in Beneficial Interest in Assets Held by Others	120,457	(193,725)
(Increase) Decrease in:		
Contract Receivables	(598,677)	(352,083)
Contributions and Pledges Receivable	(52,685)	640,865
Prepaid Expenses and Other Assets	69,893	41,273
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	(202,161)	(103,756)
Deferred Revenue	-	(113,723)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	249,297	(94,351)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(30,462)	(83,838)
Interest and Dividends Reinvested	(32,260)	(13,545)
Sale of Investments	41,220	340,381
Purchase of Investments	(1,033,323)	(340,381)
NET CASH USED IN INVESTING ACTIVITIES	(1,054,825)	(97,383)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program Loan	-	883,400
Net Payments on Line of Credit	-	(1,000,000)
NET CASH USED IN FINANCING ACTIVITIES	-	(116,600)
NET DECREASE IN CASH	(805,528)	(308,334)
Cash - Beginning of Year	2,312,134	2,620,468
CASH - END OF YEAR	$ 1,506,606	$ 2,312,134
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid during the Year for Interest	$ -	$ 33,275

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 or satisfied the performance requirements 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, 2022, 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. At June 30, 2022, 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 are 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, 2022.

(j) 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.

(k) PAYCHECK PROTECTION PROGRAM LOANS

The Organization 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) was 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 loans remained 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. During the year ended June 30, 2022, the Organization received forgiveness in full of its second draw PPP loan in the principal amount of $883,400.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) CONCENTRATION OF CREDIT RISK

The Organization places its cash and investments with high-credit, quality financial institutions.

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. Contributed goods, services, and facilities are valued based upon estimates of fair market value that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Contributed items and services are not sold but rather used for the Organization's operations.

During the year ended June 30, 2022, 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, 2022, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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) RECLASSIFICATION

Certain June 30, 2021 amounts have been reclassified to conform to the presentation used at June 30, 2022.

(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, 2021, from which the summarized information was derived.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) NEW ACCOUNTING PRONOUNCEMENTS

In September 2020, FASB issued Accounting Standards Update (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. The Organization implemented the ASU during the year ended June 30, 2022. The presentation and disclosures of gifts-in-kind have been enhanced in accordance with the standard; however, there was no significant impact on the Organization's financial statements as a result of the implementation of this standard.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, 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 June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss impairment methodology previously used for certain financial instruments with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates in their measurement. The guidance has subsequently been amended through a series of targeted ASUs. For the Organization, the ASU and the subsequent amendments will be effective for the year ending June 30, 2023, and is expected to be adopted using the modified-retrospective approach.

(t) SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2022 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through May 9, 2023, the date these financial statements were available to be issued.

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:

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, 2022, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using		
	Year Ended June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds:				
Equity	$ 2,824,769	$ 2,824,769	$ -	$ -
Fixed Income	1,295,910	1,295,910	-	-
TOTAL INVESTMENTS	4,120,679	4,120,679	-	-
Beneficial Interest in Assets Held by Others	839,639	-	839,639	-
TOTAL ASSETS	$ 4,960,318	$ 4,120,679	$ 839,639	$ -

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 the trustee.

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

For the year ended June 30, 2022, the change in the beneficial interest in assets held by others is classified is as follows:

Balance - Beginning of Year	$ 960,096
Change in Beneficial Interest	(120,457)
BALANCE - END OF YEAR	$ 839,639

NOTE 4 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable at June 30, 2022, are expected to be collected as follows:

Due in Less Than One Year	$ 1,401,013
Due in Two to Five Years	810,000
PLEDGES RECEIVABLE	$ 2,211,013

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 consists of the following:

Furniture and Equipment	$ 1,395,870
Less: Accumulated Depreciation	(1,329,535)
PROPERTY AND EQUIPMENT (NET)	$ 66,335

Depreciation expense for the year ended June 30, 2022 was $27,273.

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 use, based on rates provided by the U.S. Department of Housing and Urban Development, totaled $1,560,288 for the year ended June 30, 2022. In addition, the Organization received donated facility use of another property valued at $11,868 for the year ended June 30, 2022.

NOTE 7 - CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributed services for the year ended June 30, 2022:

Category	Valuation	Functional Area	Amount
Facility Use	Refer to Note 6	Housing	$ 1,560,288
Pro Bono Legal Services	Standard Hourly Rates	General and Administrative	59,641
Facility Use	Published Rates	Scholars	11,868
TOTAL CONTRIBUTED NONFINANCIAL ASSETS			$ 1,631,797

NOTE 8 - OPERATING LEASES

The Organization leases its office space under a noncancelable operating lease agreement that expires in June 2026. The future minimum rental commitments are as follows:

Years Ending June 30:	
2023	$ 56,621
2024	57,852
2025	59,083
2026	60,314
TOTAL	$ 233,870

Rent expense for the year ended June 30, 2022 was $1,636,524 which includes in-kind rent expense of $1,572,156.

NOTE 9 - 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, 2022.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2022:

Subject to the Passage of Time:	
Time Restricted	$ 410,000
Subject to Expenditure for Specified Purpose:	
Scholars	4,010,282
Housing	789,680
COVID-19	22,706
Other Programs	618
Not Subject to Appropriation or Expenditure:	
Donor-Restricted Endowment Corpus	40,000
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	$ 5,273,286

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, 2022:

Expiration of Specified Time Period:	
Time Restriction	$ 250,000
Satisfaction of Purpose Restrictions:	
Scholars	2,082,346
Housing	232,665
COVID-19	1,641
Other Programs	75,000
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	$ 2,641,652

NOTE 11 - 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, 2022, 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, 2022	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, 2022	$ -	$ 40,000	$ 40,000

NOTE 11 - 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, 2022.

Changes in Endowment Net Assets for the Year Ended June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - July 1, 2021	$ -	$ 40,000	$ 40,000
Contributions	-	-	-
Investment Return (Net)	-	-	-
Appropriation of Endowment Assets for Expenditure	-	-	-
ENDOWMENT NET ASSETS - JUNE 30, 2022	$ -	$ 40,000	$ 40,000

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Organization at June 30, 2022 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, 2022:	
Cash	$ 235,959
Investments	3,120,679
Contract Receivables	1,357,939
Contributions and Pledges Receivable	48,013
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	$ 4,762,590

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 a line of credit facility with a financial institution of up to $1,000,000.

NOTE 13 - LINE OF CREDIT

The Organization has a line of credit facility with a financial institution up to $1,000,000, that expires June 1, 2023. At June 30, 2022, no amounts were outstanding on the line of credit. The line of credit bears interest at the bank's index rate (4.75% at June 30, 2022) 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, 2022. The line of credit is collateralized by substantially all the assets of the Organization.