BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Financial Statements and
Independent Auditor's Report

June 30, 2021 and 2020

JLK Rosenberger
Certified Public Accountants

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Independent Auditor's Report

To the Board of Directors of
Boys & Girls Club of Burbank and Greater East Valley, Inc.

We have audited the accompanying financial statements of Boys & Girls Club of Burbank and Greater East Valley, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Boys & Girls Club of Burbank and Greater East Valley, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

JLK Rosenberger, LLP

Glendale, California
January 21, 2022

BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Statements of Financial Position
As of June 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 1,388,056	$ 1,607,754
Promises to give, net of allowance for doubtful accounts of $22,082 and $28,632	606,772	266,521
Refund receivable - ERC	931,546	-
Prepaid expenses and other assets	60,639	50,619
Total current assets	2,987,013	1,924,894
Property and equipment, net	5,949,692	458,638
Beneficial interest in endowment fund	67,097	39,748
Total assets	$ 9,003,802	$ 2,423,280
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 166,760	$ 93,298
Compensated absences	54,319	77,906
Deferred support	52,707	18,620
Refundable advance - PPP loan	503,916	503,916
Current portion of notes payable	77,383	4,738
Total current liabilities	855,085	698,478
Noncurrent liabilities:		
Notes payable, less current portion	2,703,588	10,659
Total liabilities	3,558,673	709,137
Net assets:		
Without donor restrictions	4,231,984	232,741
With donor restrictions	1,213,145	1,481,402
Total net assets	5,445,129	1,714,143
Total liabilities and net assets	$ 9,003,802	$ 2,423,280

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

BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Statements of Activities
For the Years Ended June 30, 2021 and 2020

	2021	2020
Changes in unrestricted net assets:		
Unrestricted support:		
Contributions	$ 1,253,296	$ 366,324
Program services	2,114,754	2,050,462
Special events revenue, net	103,514	61,674
Fundraising revenue	137,189	197,166
Donated materials, services and facilities	324,631	439,219
Loss on abandonment of property and equipment	(14,881)	-
Net appreciation (depreciation) in beneficial interest endowment fund	36,616	(16,676)
Net investment income	175	12,484
Total unrestricted support	3,955,294	3,110,653
Net assets released from donor restrictions:		
Satisfaction of program restrictions	3,585,330	208,815
Total unrestricted support and other support	7,540,624	3,319,468
Expenses:		
Program services	2,869,081	2,854,164
Support services:		
Management and general	332,131	356,592
Fundraising	340,169	364,912
Total unrestricted expenses	3,541,381	3,575,668
Increase (decrease) in unrestricted net assets	3,999,243	(256,200)
Changes in donor restricted net assets:		
Capital campaign contributions, net of discount	2,667,181	81,662
Contributions, net	145,976	222,900
PPP grant revenue	503,916	-
Net assets released from donor restrictions	(3,585,330)	(208,815)
(Decrease) increase in donor restricted net assets	(268,257)	95,747
Increase (decrease) in net assets	3,730,986	(160,453)
Net assets, beginning of year	1,714,143	1,874,596
Net assets, end of year	$ 5,445,129	$ 1,714,143

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

BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Statements of Functional Expenses
For the Year Ended June 30, 2021

	2021			
	Program Services	Management and General	Fund Raising	Total
Personnel expenses:				
Salaries	$ 1,828,303	$ 223,333	$ 152,441	$ 2,204,077
Payroll taxes and employee benefits	289,178	35,324	24,111	348,613
Total personnel expenses	2,117,481	258,657	176,552	2,552,690
Operating expenses:				
Facilities rent	122,945	13,406	9,151	145,502
Facilities operating	129,516	15,821	10,799	156,136
Supplies and materials	176,526	-	94,389	270,915
Membership and dues	12,307	1,503	1,026	14,836
Insurance	24,169	2,952	2,015	29,136
Professional services	104,467	12,761	24,290	141,518
Vehicle expense	7,187	-	-	7,187
Postage and printing	1,468	179	122	1,769
Telephone	9,226	1,127	769	11,122
Office supplies	-	12,221	288	12,509
Workshops and training	14,365	1,755	1,198	17,318
Other	64,044	3,461	13,913	81,418
Depreciation	85,380	8,288	5,657	99,325
Total expenses	$ 2,869,081	$ 332,131	$ 340,169	$ 3,541,381

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

BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Statements of Functional Expenses (Continued)
For the Year Ended June 30, 2020

	2020			
	Program Services	Management and General	Fund Raising	Total
Personnel expenses:				
Salaries	$ 1,758,895	$ 251,346	$ 171,784	$ 2,182,025
Payroll taxes and employee benefits	298,952	42,720	29,197	370,869
Total personnel expenses	2,057,847	294,066	200,981	2,552,894
Operating expenses:				
Facilities rent	208,842	12,648	8,645	230,135
Facilities operating	108,135	10,879	7,435	126,449
Supplies and materials	222,405	-	97,242	319,647
Membership and dues	13,608	1,597	3,524	18,729
Insurance	25,116	3,589	2,453	31,158
Professional services	9,316	9,316	25,290	43,922
Vehicle expense	22,801	-	-	22,801
Postage and printing	940	134	1,041	2,115
Telephone	7,597	1,086	742	9,425
Office supplies	-	12,602	393	12,995
Workshops and training	23,301	3,330	2,276	28,907
Other	113,904	3,539	12,289	129,732
Depreciation	40,352	3,806	2,601	46,759
Total expenses	$ 2,854,164	$ 356,592	$ 364,912	$ 3,575,668

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

BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 3,730,986	$ (160,453)
Adjustments to reconcile changes in net assets		
to net cash provided by operating activities:		
Unrealized (gain) loss on investments	(46,161)	14,367
Loss on abandonment of property and equipment	14,881	-
Community fund endowment loss	9,543	2,309
Depreciation	99,325	46,759
Bad debt expense	5,000	1,710
Changes in assets and liabilities:		
Promises to give	(345,251)	115,740
Refund receivable - ERC	(931,546)	-
Prepaid expenses and other assets	(10,020)	(11,609)
Accounts payable and accrued expenses	73,462	(43,013)
Compensated absences	21,561	(5,072)
Unemployment insurance	(45,148)	53,258
Deferred support	34,087	(23,810)
Refundable advance - PPP loan	-	503,916
Net cash provided by operating activities	2,610,719	494,102
Cash flows from investing activities:		
Purchase of property and equipment	(2,805,260)	(63,683)
Distribution from endowment fund	9,269	160,000
Proceeds from sale of marketable securities	-	1,084
Net cash (used in) provided by investing activities	(2,795,991)	97,401
Cash flows from financing activities:		
Proceeds from notes payable	-	18,946
Repayment of notes payable	(34,426)	(3,549)
Repayment of line of credit	-	(80,000)
Net cash used in financing activities	(34,426)	(64,603)
Net (decrease) increase in cash	(219,698)	526,900
Cash and cash equivalents at beginning of year	1,607,754	1,080,854
Cash and cash equivalents at end of year	$ 1,388,056	$ 1,607,754

BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Statements of Cash Flows (Continued)
For the Years Ended June 30, 2021 and 2020

Supplemental disclosures about cash flows:		
Interest paid	$ 43,841	$ 3,188
Supplemental schedule of noncash investing and financing activities:		
Property acquired under notes payable	$ 2,800,000	$ -

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

1. Summary of Significant Accounting Policies

Nature of Activities

The Boys & Girls Club of Burbank and Greater East Valley, Inc. (the "Organization"), headquartered in Burbank, California, is a member of Boys & Girls Clubs of America ("BGCA"). The primary mission of BGCA is to assure and enhance the quality of life for youth as participating members of a richly diverse urban society. With special concern for the disadvantaged, Boys & Girls Clubs help youths realize their potential for growth and development. The Organization is concentrated in Burbank, California, and the surrounding communities. The Organization provides services based on principles and behavioral guidance, which will achieve the health, social, educational, vocational, character, and leadership development of their members. The Organization is supported primarily through program services, donor contributions, and fundraising events.

The Organization has a policy where no child is turned away for an inability to pay. Low income families can apply for financial aid and may qualify for a reduced tuition. For the years ended June 30, 2021 and 2020, the Organization offered approximately $119,000 and $279,000, respectively, of financial aid in the form of reduced tuition to families in need.

Basis of Presentation

These financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. These assets are available to support the Organization's activities and operations at the direction of the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that will be met by actions of the donor, the Organization, and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Cash and Cash Equivalents

Cash equivalents consist of certificates of deposit with original maturities of three months or less at the date of purchase, and are carried at cost, which approximates fair value.

1. Summary of Significant Accounting Policies (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. An allowance for doubtful accounts is established when events or changes in circumstances indicate that specific receivable balances may be uncollectible.

Fair Value Measurements

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). Accordingly, when market observable data is not readily available, the Organization's own assumptions are set to reflect those that market participants would be presumed to use in pricing the asset or liability at the measurement date. Financial assets and financial liabilities recorded in the balance sheets at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

Level 1 **-** Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization can access.

Level 2 **-** Financial assets and financial liabilities whose values are based on (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in non-active markets, or (c) valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

Level 3 **-** Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the Organization's estimates of the assumptions that market participants would use in valuing the financial assets and financial liabilities.

Property and Equipment

Property and equipment are carried at cost if purchased and estimated fair market value if contributed, less accumulated depreciation and amortization. Property and equipment are depreciated or amortized on a straight-line basis over their estimated service lives, which range from five to twenty years. Expenditures for major improvements that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense when incurred. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the remaining lease term.

Deferred Support

The Organization recognizes support revenues with respect to fundraising events in the period the event occurs. Accordingly, payments received in advance are deferred until the time of the event.

1. Summary of Significant Accounting Policies (Continued)

Contributions

Contributions received are recorded as unrestricted or restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Conditional contributions received prior to incurring qualifying expenditures are reported as refundable advances and recognized in contributions upon satisfaction of donor-imposed conditions. Revenue from contributions subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments), are recognized when the barrier is satisfied.

Program Services

The Organization collects registration and other fees from its members to help offset the costs associated with the registration process and certain elective programs. Such fees are recorded as unrestricted support and reported as program services in the statement of activities when services are rendered. Payments received in advance are deferred until earned.

Donated Assets and Services

Donations of non-cash assets are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Organization is a public charity that has obtained an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for federal or state income taxes. The Organization is subject, however, to Federal and California income taxes on unrelated business income as stipulated in Internal Revenue Code Section 511 and Regulation Section 1.511. For the fiscal year ended June 30, 2021, the Organization had no unrelated business income.

1. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current year presentation. Such reclassifications had no effect on net assets previously reported.

2. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and promises to give. The Organization maintains most of its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Concentration of credit risk with respect to promises to give are limited generally due to no right of return on the asset after it has been pledged to the Organization. During fiscal year 2018, the Organization started a capital campaign to raise $6 million for a new main facility. For the years ending June 30, 2021 and 2020, two donors accounted for approximately 75% and 87% of total capital campaign contribution, respectively. As of June 30, 2021 and 2020, one donor accounted for approximately 60% and three donors accounted for approximately 61% of the capital campaign receivable, respectively.

For the years ending June 30, 2021 and 2020, five donors accounted for approximately 61% and two donors accounted for approximately 29% of contribution, other than capital campaign contributions, respectively. As of June 30, 2021 and 2020, two donors accounted for approximately 81% and four donors accounted for approximately 82% of the pledged receivable, respectively.

3. Investments

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30:

	2021	2020
Interest and dividends	$ 175	$ 15,914
Unrealized gains (losses)	-	(3,430)
Total	$ 175	$ 12,484

4. Fair Value Measurements

The following table sets forth by level within fair value hierarchy the Organization's invested assets as of June 30:

	Level 1	Level 2	Level 3	Total
2021				
Beneficial interest in endowment fund	$ -	$ -	$ 67,097	$ 67,097
Total	$ -	$ -	$ 67,097	$ 67,097

4. Fair Value Measurements (Continued)

	Level 1	Level 2	Level 3	Total
2020				
Beneficial interest in endowment fund	$ -	$ -	$ 39,748	$ 39,748
Total	$ -	$ -	$ 39,748	$ 39,748

See Note 7 for summary of changes in the fair value of the endowment fund (level 3 asset) for the years ended June 30, 2021 and 2020.

5. Promises to Give

Unconditional promises to give are due in one year and consisted of the following as of June 30:

	2021	2020
Unrestricted, net of allowance for doubtful accounts of $9,210	$ 510,249	$ 93,883
Donor restricted - capital campaign, net of discount of $15,660 and allowance for doubtful accounts $12,872	96,523	172,638
Total	$ 606,772	$ 266,521

During fiscal year 2018, the Organization started a capital campaign to raise $6 million for a new main facility. Certain promises to give were commitments over time (3 – 5 years) and as such the donations were discounted using the Organization’s cost of funds (as determined by the line of credit interest of 4.25% at June 30, 2021 and 2020). Additionally, an allowance for doubtful accounts was recorded against these receivables for donations that may not be received for various reasons. The gross amount of the capital campaign receivable was $125,055 and $207,720 on June 30, 2021 and 2020, respectively.

6. Conditional Promises to Give

The Organization was selected by BCGA to participate in a federally funded project known as Mentoring at Boys & Girls Clubs. The Organization is reimbursed for allowable expenses associated with the initiative, which is awarded on a calendar year basis. For the years ended June 30, 2021 and 2020, the Organization incurred allowable expenses of $22,576 and $52,250, respectively, and was reimbursed $47,500 and $32,000, respectively.

7. Property and Equipment

Property and equipment consist of the following as of June 30:

	2021	2020
Land	$ 1,037,796	$ -
Leasehold improvements	393,492	721,235
Sports equipment	2,550	53,066
Computer equipment	140,146	140,148
Office equipment	70,935	89,886
Vehicles	156,840	156,840
Building	4,316,128	30,700
Building improvements	276,002	-
	5,356,093	1,191,875
Accumulated depreciation and amortization	(444,197)	(733,237)
Property and equipment, net	4,911,896	458,638
Total property and equipment, net	$ 5,949,692	$ 458,638

Depreciation and amortization for the years ended June 30, 2021 and 2020 were $99,325 and $46,759, respectively. After purchasing the new facility, the Organization abandoned equipment at the leased property, recognizing a loss on abandonment of $14,881 for the year ended June 30, 2021.

8. Beneficial Interest in Endowment Fund

On September 19, 2011, the Organization received an unrestricted contribution from a member of the local community. The board of the Organization sought to preserve the assets of the contribution and irrevocably gifted $85,526 to the Community Foundation of the Verdugos (the "Foundation") which created the Boys & Girls Club of Burbank and Greater East Valley Endowment (the "Fund"). The purpose of the Fund is "to provide financial support to the Boys & Girls Club of Burbank and Greater East Valley or for its specific programs or projects."

Variance power has been granted to the Foundation protecting the Fund from obsolescence. If, in the sole judgment of the Board of Directors of the Foundation, the purpose for which the Fund was created ever becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by the Foundation, the Foundation's Board of Directors shall modify any restriction or condition on the use or distribution of the income and principal of the Fund.

Of the Fund's annual balance, 4.5% may be distributed to the Organization, subject to the Foundation's discretion. During 2020, the Organization requested and was granted by the Foundation distributions in excess of the 4.5% available for spending. No amounts over 4.5% were distributed during 2021. The Fund is invested by the Foundation in a pool with similar funds. The Organization is credited its share of earnings from the pool and charged fees for administration of the fund. Net earnings of the Fund are included in investment return in the accompanying statement of activities.

8. Beneficial Interest in Endowment Fund (Continued)

The Foundation has employed a total return investment policy with an objective of preserving the endowment capital, protecting the purchasing power of the funds, and providing cash flows to assist in the funding of the Foundation's grants and expenses. The Foundation invests funds in a diversified portfolio of cash, bonds, common stocks, preferred stocks, mutual funds, exchange traded funds, and where appropriate, alternative investments. The investments are further diversified within asset classes such as by economic sectors, industry, quality, and capitalization.

The Fund had $6,593 and $9,268 available for use by the Organization at June 30, 2021 and 2020, respectively. Management elected to withdraw available funds.

The Fund activities for the years ended June 30 are as follows:

	2021	2020
Balance, beginning of year	$ 39,748	$ 216,424
Earnings:		
Interest and dividends	1,032	9,827
Realized gains	1,396	817
Unrealized gains (losses)	34,877	(25,650)
Expenses charged to the Fund:		
Administrative fees	(591)	(1,020)
Other	(96)	(650)
Net appreciation (depreciation) of the Fund	36,618	(16,676)
Distributions	(9,269)	(160,000)
Balance, end of year	$ 67,097	$ 39,748

9. Line of Credit

The Organization maintains a one year revolving line of credit with a financial institution that renews annually. The line of credit is for $100,000, expires on January 28, 2022, and bears interest at the bank's prime rate (3.25% at June 30, 2021 and 2020) plus 1%. As of June 30, 2021 and 2020, there was no outstanding balance on the line of credit.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	2021	2020
Capital campaign for new facility	$ 1,199,434	$ 1,467,317
Consulting for merger opportunities	6,412	10,125
Tech program	3,750	-
Purchase of vehicle	3,549	3,960
Total net assets with donor restrictions	$ 1,213,145	$ 1,481,402

11. Donated Materials, Services and Facilities

The value of donated materials, services, and facilities included as contributions in the statements of activities and the corresponding expenses for the years ended June 30 are as follows:

	2021	2020
Facility rental	$ 88,660	$ 196,016
Materials and supplies	235,971	243,203
Total donated materials, services and facilities	$ 324,631	$ 439,219

The Organization rents its facilities for $1 a year on a month-to-month basis. For the year ended June 30, 2021, the estimated rental value for three facilities: Club Facilities, Our Lady of Holy Rosary, and St. Patrick Catholic Church, was $67,075, $3,848, and $19,950, respectively. For the year ended June 30, 2020, the estimated rental value for four facilities: Club Facilities, Our Lady of Holy Rosary, St. Patrick Catholic Church, and St. Jane Frances Catholic Church, was $109,800, $4,399, $16,363, and $65,450, respectively.

12. Defined Contribution Plan

The Organization has elected to be part of the BGCA's 401(k) Safe Harbor Master Plan ("the Plan") whereby employees and employer can make contributions to the Plan up to the maximum allowed by law. The Organization may elect to contribute a Safe Harbor Matching Contribution to the Trust Fund on behalf of each eligible participant in a uniform percentage equal to 100% of a participant's elective deferrals which do not exceed 3% of compensation, plus 50% of elective deferrals which exceed 3%, but do not exceed 5% of compensation. The defined contribution plan expense for the years ended June 30, 2021 and 2020 were $26,775 and $37,925, respectively.

13. Commitments and Contingencies

An annual lease with the Burbank Unified School District is paid monthly. In September 2020, the Burbank Unified School District lease was renewed for $1,260 per month. Rent expense paid for the year ended June 30, 2021 and 2020 was $12,600 and $34,119, respectively. The Organization was not billed for the months of March to August 2020 as a result of school closures relating to COVID-19 events.

14. Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30:

	2021	2020
Cash and cash equivalents	$ 1,388,056	$ 1,607,754
Donor-imposed restrictions	(1,036,293)	(1,234,466)
Cash and cash equivalents available for general expenditures	351,763	373,288
Promises to give, net of allowance for doubtful accounts of $9,210	510,249	93,883
Refund receivable - ERC	931,546	-
Prepaid expenses	60,639	50,619
Total financial assets	1,854,197	517,790
Amounts not available to be used within one year	-	-
Financial assets available to meet general expenditures over the next twelve months	$ 1,854,197	$ 517,790

The Organization is substantially supported by program revenues. The Organization reviews its liquidity monthly with the board of directors. In the event of an unanticipated liquidity need, the Organization also has $100,000 available on its line of credit at June 30, 2021.

15. Notes Payable

Car Loan

The Organization has a finance agreement in connection with the purchase of a vehicle. The agreement is secured by the underlying asset. The note is noninterest bearing. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest of 4.25%, which is the Organization's long-term borrowing rate at the time of the respective acquisition. The note matures in October 2023. As of June 30, 2021 and 2020, the outstanding balance on this note was $10,666 and $15,397, respectively.

The following is a schedule by years of the future minimum payments on the Organization's notes payable:

Years ended June 30,	
2022	$ 4,360
2023	4,360
2024	1,946
Total	$ 10,666

For the year ended June 30, 2021 and 2020, interest expense on note payable was $372 and $248, respectively.

15. Notes Payable (Continued)

Real Property Loan

The Organization has a finance agreement in connection with the purchase of building and land. The agreement is secured by the underlying assets. The annual percentage rate is 3.47%. The note matures in January 2036. As of June 30, 2021, the outstanding balance on this note was $2,770,305.

The following is a schedule by years of the future minimum payments on the Organization's notes payable:

Years ended June 30,		
2022	$	73,023
2023		75,571
2024		78,208
2025		80,938
2026		83,694
Thereafter		2,378,871
Total	$	2,770,305

For the year ended June 30, 2021, interest expense on note payable was $51,576.

16. Refundable Advance – PPP Loan

On May 1, 2020, the Organization received a loan administrated by the Small Business Administration in the amount of $503,916 under the Paycheck Protection Program ("PPP") established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The loan was fully forgiven during 2021 and accounted for as conditional contribution revenue.

On February 2, 2021, the Organization received a second PPP loan in the amount of $503,916. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan amount if the proceeds are used for expenditures such as payroll, rent, utilities, and other expenses described in the CARES Act. The loan is recorded as a refundable advance and the forgiveness will be recorded in accordance with guidance for conditional contribution when there is no longer a measurable performance or other barrier and a right to return of the PPP loan. No contribution revenue on the second PPP loan has been recorded for the year ended June 30, 2021. The Organization will be required to repay unforgivable amounts, plus interest accrued at 1%, in monthly installments commencing upon notification of forgiveness or partial forgiveness over a five-year period. Management believes that the Organization is eligible for full forgiveness and will not be required to repay any of the funds.

17. Refund Receivable - ERC

The Employee Retention Credit ("ERC") was established by the CARES Act. It was intended to help organizations retain their workforces and avoid layoff during the coronavirus ("COVID-19") pandemic. It provides a per employee credit to eligible organizations based on a percentage of qualified wages and health insurance benefits paid to employees. Two critical tests for eligibility exist - a partial or total government-ordered shutdown, or a decline in gross receipts. The decline in gross receipts test is based on a significant decline in gross receipts in any one quarter of 2020 (more than 50%) and 2021 (more than 20%) compared with the same quarters in 2019. The credit is recorded as a refund receivable and revenue is recognized in the period the Organization determines the conditions have been substantially met. The Organization is eligible to receive a credit of $931,546 for qualified wages and health insurance benefits paid to employees from January 2020 through June 2021, which is recorded as refund receivable on the statements of financial position.

Laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

18. COVID-19

In December 2019, a novel strain of COVID-19 was identified and the World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern". As a result of the spread of the COVID-19, economic uncertainties have arisen which have impacted global commerce and investment markets. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's donors, members, employees, and vendors all of which are uncertain and cannot be predicted.

19. Subsequent Events

Management has evaluated subsequent events through January 21, 2022 which is the date the financial statements were available to be issued. Except as discussed elsewhere in the financial statements, no events have occurred subsequent to June 30, 2021 requiring recording or disclosure in these financial statements.