The Resource Area for Teaching
(d.b.a. Resource Area for Teaching)
Financial Statements
June 30, 2021 and 2020

Frank, Rimerman + Co. LLP

C O N T E N T S

Audit Committee and
Board of Directors
The Resource Area for Teaching
San Jose, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of The Resource Area for Teaching (d.b.a. Resource Area for Teaching) (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 The Resource Area for Teaching 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.

Frank, Rimerman & Co. LLP

San Jose, California
October 20, 2021

The Resource Area for Teaching
Statements of Financial Position

	June 30, 2021	June 30, 2020
ASSETS		
Cash and Cash Equivalents	$ 264,142	$ 277,291
Accounts Receivable	50,099	4,605
Prepaid Expenses and Other Assets	109,937	28,550
Inventory	103,924	128,931
Investments	13,869,762	13,397,296
Property and Equipment, net	4,282,308	3,935,972
Grants and Pledges Receivable	-	10,721
Total assets	$ 18,680,172	$ 17,783,366
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	$ 283,661	$ 242,193
Deferred revenue	100,806	169,401
Loan payable	396,193	256,296
Total liabilities	780,660	667,890
Contingencies (Notes 5 & 6)		
Net Assets		
Without donor restrictions	17,576,030	16,817,657
With donor restrictions	323,482	297,819
Total net assets	17,899,512	17,115,476
Total liabilities and net assets	$ 18,680,172	$ 17,783,366

See Notes to Financial Statements

The Resource Area for Teaching
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions and grants	$ 618,910	$ 151,000	$ 769,910
Fundraising event, net of expenses of $15,987	254,149	-	254,149
In-kind contributions	43,286	-	43,286
Membership dues	43,635	-	43,635
Workshop fees	2,335	-	2,335
Sales to public, net of direct expenses of $129,529	541,379	-	541,379
Other mission-based income	8,623	-	8,623
Net assets released from restrictions	153,772	(153,772)	-
Total revenue	1,666,089	(2,772)	1,663,317
Expenses			
Program Services:			
Program	2,453,983	-	2,453,983
Support Services:			
Management and general	329,401	-	329,401
Fundraising	329,606	-	329,606
Total expenses	3,112,990	-	3,112,990
Other Income, net	2,205,274	28,435	2,233,709
Change in Net Assets	758,373	25,663	784,036
Net Assets, June 30, 2020	16,817,657	297,819	17,115,476
Net Assets, June 30, 2021	$ 17,576,030	$ 323,482	$ 17,899,512

The Resource Area for Teaching
Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions and grants	$ 555,700	$ 168,500	$ 724,200
Fundraising event, net of expenses of $44,495	191,342	-	191,342
In-kind contributions	51,394	-	51,394
Membership dues	23,995	-	23,995
Workshop fees	102,247	-	102,247
Sales to public, net of direct expenses of $130,973	512,307	-	512,307
Other mission-based income	23,304	-	23,304
Net assets released from restrictions	116,954	(116,954)	-
Total revenue	1,577,243	51,546	1,628,789
Expenses			
Program Services:			
Program	2,378,300	-	2,378,300
Support Services:			
Management and general	273,221	-	273,221
Fundraising	322,274	-	322,274
Total expenses	2,973,795	-	2,973,795
Other Income, net	8,240,675	5,109	8,245,784
Change in Net Assets	6,844,123	56,655	6,900,778
Net Assets, June 30, 2019	9,973,534	241,164	10,214,698
Net Assets, June 30, 2020	$ 16,817,657	$ 297,819	$ 17,115,476

The Resource Area for Teaching
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Support Services: Management and General	Support Services: Fundraising	Total
Salaries, Payroll Taxes and Benefits	$ 1,871,627	$ 282,801	$ 286,740	$ 2,441,168
Professional Fees	36,321	31,930	15,090	83,341
Recruiting	1,228	3,000	6,000	10,228
Supplies	36,736	82	1,919	38,737
Communications	21,245	3,262	2,821	27,328
Utilities	69,185	-	-	69,185
Postage and Shipping	3,655	-	1,155	4,810
Sales to Public Cost of Goods Sold	129,529	-	-	129,529
In-Kind Professional Fees	26,360	-	-	26,360
Cost of Fundraising Event	-	-	15,987	15,987
Occupancy	34,999	-	-	34,999
Repairs and Maintenance	90,302	-	2,421	92,723
Truck and Travel	4,966	-	-	4,966
Conference and Meetings	4,168	-	1,471	5,639
Insurance	40,518	1,629	2,169	44,316
Credit Card and Bank Charges	18,995	-	2	18,997
Depreciation	190,006	6,120	9,394	205,520
Payroll Services	3,672	577	424	4,673
Total expenses by function	2,583,512	329,401	345,593	3,258,506
Less expenses included within revenues on the statement of activities				
Sales to public cost of goods sold	(129,529)	-		(129,529)
Cost of event	-	-	(15,987)	(15,987)
Total expenses included in the expense section on the statement of activities	$ 2,453,983	$ 329,401	$ 329,606	$ 3,112,990
Percent of Total Expenses	79%	10%	11%	100%

The Resource Area for Teaching
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services	Support Services: Management and General	Support Services: Fundraising	Total
Salaries, Payroll Taxes and Benefits	$ 1,582,250	$ 179,141	$ 257,479	$ 2,018,870
Professional Fees	31,120	30,956	2,111	64,187
Contract Services	63,794	45,330	35,918	145,042
Recruiting	60,643	7,530	13,044	81,217
Supplies	56,701	261	850	57,812
Communications	15,252	3,010	2,160	20,422
Utilities	97,948	-	-	97,948
Postage and Shipping	3,141	-	479	3,620
Sales to Public Cost of Goods Sold	130,973	-	-	130,973
In-Kind Professional Fees	51,394	-	-	51,394
Cost of Fundraising Event	-	-	44,495	44,495
Occupancy	32,949	-	-	32,949
Repairs and Maintenance	156,553	99	-	156,652
Truck and Travel	11,617	-	576	12,193
Conference and Meetings	8,164	95	2,027	10,286
Insurance	41,856	1,369	1,540	44,765
Credit Card and Bank Charges	21,423	175	87	21,685
Depreciation	139,768	4,900	5,648	150,316
Payroll Services	3,727	355	355	4,437
Total expenses by function	2,509,273	273,221	366,769	3,149,263
Less expenses included within revenues on the statement of activities				
Sales to public cost of goods sold	(130,973)	-	-	(130,973)
Cost of event	-	-	(44,495)	(44,495)
Total expenses included in the expense section on the statement of activities	$ 2,378,300	$ 273,221	$ 322,274	$ 2,973,795
Percent of Total Expenses	80%	9%	11%	100%

The Resource Area for Teaching
Statements of Cash Flows

	Years Ended June 30, 2021	2020
Cash Flows from Operating Activities:		
Change in net assets	$ 784,036	$ 6,900,778
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	205,520	150,316
Return on investments	(1,812,768)	(397,001)
Forgiveness of loan payable (Note 7)	(256,296)	-
Loss on disposal of property and equipment	15,102	-
Gain on sale of property held for sale	-	(7,774,641)
Changes in operating assets and liabilities:		
Accounts receivable	(45,494)	5,345
Grants and pledges receivable	10,721	(3,221)
Prepaid expenses and other assets	(81,387)	3,130
Inventory	25,007	(33,818)
Accounts payable and accrued liabilities	41,468	145,567
Deferred revenue	(68,595)	148,453
Net cash used in operating activities	(1,182,686)	(855,092)
Cash Flows from Investing Activities:		
Net proceeds from sale of investments	3,825,111	53,090,204
Purchase of investments	(2,484,809)	(65,325,443)
Purchase of property and equipment	(566,958)	(536,098)
Net proceeds from sale of property held for sale	-	13,605,726
Net proceeds from disposal of property and equipment	-	8,424
Net cash provided by investing activities	773,344	842,813
Cash Flows from Financing Activities:		
Proceeds from issuance of loan payable	396,193	256,296
Net cash provided by investing activities	396,193	256,296
Net Increase (Decrease) in Cash and Cash Equivalents	(13,149)	244,017
Cash and Cash Equivalents, beginning of year	277,291	33,274
Cash and Cash Equivalents, end of year	$ 264,142	$ 277,291

See Notes to Financial Statements

1. Organization and Nature of Activities

Organization:

The Resource Area for Teaching (d.b.a. Resource Area for Teaching) (the Organization) is a not-for-profit organization located in San Jose, California. The Organization's specific and primary purpose is to offer ideas, information and a source of materials diverted from industry's material waste stream to educators and others who work with children.

The Organization provides a vital connection between the business community and educators allowing surplus materials to be reused creatively to enhance children's learning. The Organization also conducts demonstrations and workshops to help educators find ways to use these materials in math, science and art projects.

Program Services:

Core Program

The Organization believes that every child deserves a powerful learning experience. The Organization's mission is to help educators transform a child's learning experience through hands-on education to inspire the joy and discovery of learning.

Education Program

The Organization supports education by:

- Offering ideas, workshops and education to help train educators, and others who work with children, to use hands-on materials to enhance their programs.
- Producing hands-on learning tools, aligned to state curriculum, that educators can use in their classrooms and communities.
- Educating educators, and others who work with children, on the benefits of upcycling materials by diverting them from waste streams and converting them to educational tools which enrich STEAM (Science, Technology, Engineering, Art, Math) and other curriculum and programs.
- Providing an opportunity for educators and students to learn together at the Organization or at Organization-supported activities, facilities and other events.
- Providing a forum for exchange of ideas by educators, and others who work with children (building community); and
- Engaging in the development and implementation of maker spaces in local schools and communities.

1. Organization and Nature of Activities (continued)

Resource Centers and Website

The Organization has a Member Resource Center, located in San Jose, California, where members can shop for affordable, pre-packaged learning activities, upcycled bulk materials and additional classroom supplies. The Organization's use of repurposed and donated materials allows the Organization to keep prices low and educators to stretch their budgets twice as far. At the Organization's Volunteer Resource Center, donated materials are sorted and community volunteers prepare and assemble hands-on learning activities. The Organization's website and online store offer 24/7 access to the educational resources.

Material Donations and Upcycling Program

The Organization diverts donated materials and makes them available for members in the Member Resource Center. Multiple Bay Area companies work with the Organization to collect and upcycle materials they no longer need, from office supplies to lab equipment, so the Organization can repurpose them into hands-on learning materials for members to buy in bulk to create their own learning materials. The Organization provides:

- Facilities, sites, mobile units, on-line resources and other means to accept appropriate donated materials and to make them available to educators and community programs.
- Businesses with the opportunity to donate items, to support education and local community programs.
- Businesses and the local community with an opportunity to volunteer in support of the Organization's mission; and
- Businesses, foundations, local community organizations and individuals with an opportunity to donate money to be used in support of the Organization's mission.

2. Significant Accounting Policies

Basis of Presentation:

The Organization segregates its assets, liabilities and operations into two categories: without donor restrictions and with donor restrictions. The Organization's net assets and changes therein are classified and reported as follows:

> Net assets without donor restrictions consist of net assets for which there are no donor-imposed restrictions or such donor-imposed restrictions were temporary and expired during the current or previous periods.
>
> Net assets with donor restriction consist of amounts receivable or received that are restricted for specific purposes or for subsequent periods. Some contributions received from donors are required to be maintained in perpetuity, while others expire over time or when the donor-imposed restrictions are satisfied.

Revenue Recognition:

The Organization recognizes contributions and unconditional promises to give (pledges) as revenue at their fair value in the period the donor makes the contribution or pledge that is, in substance, unconditional. Conditional promises to give and support are not recognized until the conditions are met. The Organization distinguishes between contributions that increase any of the two categories of net assets, with recognition being made upon the expiration of donor-imposed restrictions in the period in which the restrictions expire.

Contributions restricted by the donor that expire in the current year or are received and released in full in the current year are reported in the statements of activities as net assets released from restrictions and are reclassified to net assets without donor restrictions.

The Organization recognizes revenue for revenue-generating activities under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (Topic 606). The Organization determines revenue recognition under Topic 606 through the following steps:

- Identification of the contract or agreement with a grantor or customer
- Identification of the performance obligations in the contract or agreement
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract or agreement
- Recognition of revenue when, or as, the Organization satisfies a performance obligation

2. Significant Accounting Policies (continued)

Sales to Public:

The Organization generates sales to the public from sales of merchandise from its store in San Jose. Revenue is recognized from the sale of merchandise and is recorded at the time of sale.

Other Revenues:

Workshop fees are recognized as services are provided. Membership dues are recognized upon the receipt of membership dues.

In-Kind Support:

The Organization regularly accepts donated merchandise from the general public for resale in its store. The nature and quality of the merchandise donated varies considerably. The fair value of these donations is not recorded by the Organization until sold or provided for free to educators.

The Organization receives materials and equipment from the general public for use in its programs. The Organization also benefits from the donated services of a number of professionals in the provision of its services. Contributions of services are recognized as revenue and expense if the services received (1) create or enhance non-financial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased by the Organization if not provided by donation. In fiscal 2021, the Organization received $26,360 of donated equipment and $16,926 of donated professional services ($51,394 of donated professional services in 2020), which have been recorded by the Organization at estimated fair value.

These amounts are reflected in the accompanying financial statements as in-kind support revenue and are offset by corresponding amounts of program expenses or property and equipment.

Fundraising Event:

The Organization records fundraising event revenue equal to the cost of direct benefits to donors, net of direct expenses, and contribution revenue for any additional amounts received.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, cash and cash equivalents include all short-term highly liquid investments purchased with maturities of three months or less. Cash equivalents are carried at cost, which approximates fair value. Cash and cash equivalent balances held temporarily with brokerage firms are considered investments.

2. Significant Accounting Policies (continued)

Investments and Investment Income:

The Organization's investments consist of marketable securities and are presented at fair value based on prices quoted on established securities exchanges. Return on investments represents interest and dividends earned and net investment gains, less investment-related expenses. Realized gains and losses on investments are calculated as the difference between proceeds received and the original cost of the investment. Unrealized gains and losses represent the difference between the current fair value of the investments at year end and their cost basis, if purchased during the year, or their fair value at the beginning of the year.

Concentrations of Credit Risk:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and receivables. The Organization maintains its cash and cash equivalents at a commercial bank. The Organization is exposed to credit risk in the event of default by the commercial bank to the extent cash and cash equivalent balances did not exceed the amount insured by the Federal Deposit Insurance Corporation. Additionally, cash and cash equivalents and investments deposits are maintained at one major brokerage firm, which are insured up to $500,000 by the Securities Investor Protection Corporation. The balances at the major brokerage firm did not exceed the insured limit at June 30, 2021 and 2020.

Accounts receivable are contract assets derived from goods and services provided to customers. The Organization estimates the collectability of its receivables based on the allowance method. Management has determined an allowance for bad debts at June 30, 2021 and 2020 was not required.

Grants and pledges receivable are generally from local donors and other sources and these balances are evaluated for collectability by the Organization on a regular basis. Management makes judgements as to the ability collect the outstanding grants and pledges receivable and has determined an allowance for potential credit losses at June 30, 2021 and 2020 was not required.

Inventory:

Purchased inventory is valued at the lower of cost or market and consists primarily of purchased components held for resale or included in kits.

2. Significant Accounting Policies (continued)

Property and Equipment:

Purchased, donated or constructed assets are recorded at cost. Acquisitions of property and equipment with a cost or fair value in excess of $2,500 are capitalized. Expenditures that increase the life of existing assets are capitalized; however, maintenance and repairs are charged to operations as incurred. Depreciation is provided on a straight-line basis over the following estimated useful lives:

Land improvements	40 years
Building and improvements	20 - 40 years
Furnishings, equipment and vehicles	5 - 10 years
Computer hardware and software	3 - 5 years

Construction in progress is not depreciated until placed in service.

Measure of Operations:

The Organization's operating revenue in excess of expenses and transfers include all operating revenue and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from Board-designated and other nonoperating funds to support current operating activities. The measure of operations includes support for operating activities from both donor-restricted net assets and net-assets without donor restrictions designated for long-term investment according to the Organization's investment policy, which is detailed in Note 9. The measure of operations excludes investment return and gain on property held for sale and designated them as other income in the statements of activities.

Accounting for Impairment of Long-Lived Assets:

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of their carrying cost amount or fair value less cost to sell. The Organization did not record an impairment loss on long-lived assets in fiscal 2021 or 2020.

2. Significant Accounting Policies (continued)

Income Taxes:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state franchise taxes under Section 23701d of the California Revenue and Taxation Code.

The Organization uses the "more likely than not" criterion for recognizing the income tax benefit of its income tax exempt status and establishing measurement criteria for liabilities resulting from the loss of that status. The Organization believes its income tax filing positions will be sustained upon examination and, accordingly, has not recorded any accruals for interest and penalties at June 30, 2021 for uncertain income tax positions. In the event the Organization should need to recognize interest and penalties related to unrecognized tax liabilities, this amount will be recorded as an accrued liability and an increase to income tax expense.

Although the Organization is recognized as tax exempt, it is still liable for income tax on its unrelated business taxable income (UBTI). The Organization does not believe it has UBTI that would have resulted in an income tax liability at June 30, 2021 or 2020.

The Organization's federal exempt organization business income tax return (Form 990) is subject to examination, generally for three years after it is filed with the Internal Revenue Service. The Organization's California exempt organization business income tax return is subject to examination, generally for four years after it is filed with the Franchise Tax Board.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, support and expenses during the reporting period. Estimates are used in accounting for, among other things, allowance for uncollectible accounts, inventory obsolescence, estimated future breakage of deferred revenue, useful lives of property and equipment and long-lived asset impairment. Actual results could differ from those estimates.

The Organization recognizes breakage when the probability of customers redeeming gift cards becomes improbable. The Organization presents deferred revenue net of estimated future breakage. The estimated future breakage was $45,673 at June 30, 2021 ($39,208 at June 30, 2020).

2. Significant Accounting Policies (continued)

Risks and Uncertainties:

The Organization invests in various types of investments, which are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible changes in the value of investments will occur in the near term, and that such changes could materially affect the fair value of investments reported in the financial statements.

The global outbreak of the novel coronavirus continues to be an evolving situation. The virus has disrupted much of society, impacted global travel and supply chains, and adversely impacted global activity in most industries. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse effect on economic and market conditions and further extend a global economic slowdown. Such conditions, which may be across industries, sectors or geographies, may impact the Organization’s mission-related performance in the near term.

Fair Value Measurement:

The Organization uses a three-level hierarchy for fair value measurement based on the nature of inputs used in the valuation of an asset or liability as of the measurement date. The three-level hierarchy prioritizes within the measurement of fair value, the use of market-based information over entity-specific information. Fair value focuses on an exit price and is defined as the price 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 inputs or methodology used for valuing assets and liabilities are not necessarily an indication of the risk associated with those assets and liabilities.

The three-level hierarchy for fair value measurement is defined as follows:

Level I: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level II: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, over the term of the asset or liability.

Level III: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

2. Significant Accounting Policies (continued)

Fair Value Measurement: (continued)

An asset's or liability's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Organization's investments are categorized as Level I investments at June 30, 2021 and 2020.

Statements of Functional Expenses:

The costs of providing the Organization's various programs and services have been summarized on a functional basis in the statements of functional expenses. Direct expenses are allocated to the related program or service benefited. Indirect expenses, such as insurance and communications, are allocated based on employee headcount.

Recent Accounting Pronouncement Not Yet Effective:

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 was issued to increase the transparency for measuring contributed nonfinancial assets and is effective for the Organization as of July 1, 2021, requiring the use of the retrospective approach for its adoption. Early adoption is permitted. The Organization is evaluating the effect ASU 2020-07 will have on its financial statements and disclosures.

ASU 2020-07 will require contributions from donors to be reported on the statements of financial position as either contributions of cash and other financial assets or other nonfinancial assets. Not-for-profit entities will be required to provide details as to the types of nonfinancial assets received, any donor-imposed restrictions on the assets, whether the contributed nonfinancial assets were either monetized or utilized during the reporting period, the entity's accounting policy for monetizing the assets instead of utilizing the assets, and a description of the valuation techniques and inputs used to arrive at a fair value measurement for the donated assets at their initial recognition.

3. Liquidity and Availability of Resources

The table below represents assets available for general expenditures within one year at June 30:

	2021	2020
Cash and cash equivalents	$ 264,142	$ 277,291
Accounts receivable	50,099	4,605
Investments	13,869,762	13,397,296
Grants and pledges receivable	-	10,721
Total financial assets	14,184,003	13,689,913
Less amounts not available to be used within one year (Note 8):		
Endowment funds	227,548	199,113
Funds received from donors restricted for use	95,935	98,708
Financial assets available to meet general expenditures	$ 13,860,520	$ 13,392,094

The Organization monitors liquidity and the availability of its resources on an ongoing basis to ensure adherence to donor restrictions, contractual commitments and legal requirements for the use of funds. The Organization has certain assets restricted by donors available for general operations. Accordingly, these assets have been included above as unavailable for general expenditure within one year. The amount of corpus in the endowment is restricted in perpetuity and not available for general expenditure (Note 9). Endowment funds in excess of corpus may be appropriated in accordance with the Organization's policy and state laws. Certain assets have been designated by the Board of Directors to function as endowment funds (Note 9), which may become available upon approval of the Board of Directors. As a result, these funds have been included as available to meet general expenditures.

4. Investments

The Organization's investments classified as Level I investments under the fair value hierarchy are as follows at June 30:

	2021	2020
Cash equivalents	$ 1,590,994	$ 4,915,663
Fixed income bonds	5,943,689	4,545,332
Equity securities	6,229,264	3,079,985
Mutual funds	105,815	856,316
	$ 13,869,762	$ 13,397,296

5. Property and Equipment

Property and equipment consist of the following at June 30:

	2021	2020
Land and improvements	$ 1,531,240	$ 1,531,240
Building and improvements	3,797,670	3,534,725
Furnishings, equipment and vehicles	578,663	521,779
Computer hardware and software	138,936	108,393
Construction in process	409,592	267,994
	6,456,101	5,964,131
Less accumulated depreciation	(2,173,793)	(2,028,159)
	$ 4,282,308	$ 3,935,972

Construction in progress relates to the Organization's software and property improvement projects and are not depreciated until placed in service. The Organization expects to incur $647,000 in fiscal 2022 to complete the projects.

6. Legal Contingencies

In the normal course of business, the Organization may receive inquiries or become involved in legal disputes that are covered by insurance. In the event of such claims, the Organization would only be liable for its insurance deductible of $25,000, which would not have a material adverse effect on the Organization's financial position or results of operations. As a result, no liability for potential legal claims has been recorded at June 30, 2021 or 2020.

7. Loans Payable

In May 2020, the Organization was granted an unsecured loan with a financial institution in the amount of $256,296, pursuant to the Paycheck Protection Program (PPP) set forth in the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Outstanding borrowings under the note bore interest at a rate of 1% per annum and was to mature in May 2022. Proceeds of the loan were used for qualified expenses, primarily related to payroll costs, as set forth in the CARES Act and as further defined by the U.S. Small Business Administration (SBA). Loan proceeds are subject to forgiveness by the SBA, to the extent they have been spent on qualifying expenses during a specified period, as defined. In April 2021, the loan was formally forgiven by the SBA, and the related gain is recorded as other income in the accompanying statement of activities.

7. Loans Payable (continued)

In March 2021, the Organization was granted a second unsecured loan with another financial institution in the amount of $396,193, pursuant to the PPP set forth in the CARES Act which was enacted in March 2020. Outstanding borrowings under the loan bear interest at a rate of 1% per annum and mature in March 2026. Proceeds of the loan were being used for qualified expenses, primarily related to payroll costs, as set forth in the CARES Act and as further defined by the SBA. Loan proceeds are subject to forgiveness by the SBA to the extent they have been spent on qualifying expenses during a specified period, as defined.

Future principal and interest payments required under the PPP Loan are as follows:

Years ending June 30:	
2022	$ 69,000
2023	91,000
2024	90,000
2025	89,000
2026	59,000
	$ 398,000

8. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2021	2020
Endowment funds restricted in perpetuity	$ 97,378	$ 97,378
Unappropriated endowment income	130,170	101,735
Education program	88,925	94,092
Other programs	7,010	4,614
	$ 323,483	$ 297,819

Net assets of $153,772 were released from donor restrictions by the passage of time or incurring expenses satisfying the restricted purpose in fiscal 2021 ($116,954 in fiscal 2020).

9. Endowment

The Organization's endowment (the Endowment) consists of funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted by the state of California, as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. There were no donor stipulations at June 30, 2021. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the Endowment

(2) The purposes of the organization and the donor-restricted Endowment

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Organization

(7) The investment policies of the Organization

9. Endowment (continued)

At June 30, 2021, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restriction	Total
Board-designated funds	$ 13,869,762	$ -	$ 13,869,762
Donor-restricted endowment funds			
Original donor-restricted gift amounts required to be maintained in perpetuity	-	97,378	97,378
Unappropriated Endowment income	-	130,170	130,170
	$ 13,869,762	$ 227,548	$ 14,097,310

At June 30, 2020, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds	$ 13,397,296	$ -	$ 13,397,296
Donor-restricted endowment funds			
Original donor-restricted gift amounts required to be maintained in perpetuity	-	97,378	97,378
Unappropriated Endowment income	-	101,735	101,735
	$ 13,397,296	$ 199,113	$ 13,596,409

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain in perpetuity. The fair value of the endowment net assets exceeded the value of the original donor gifts at June 30, 2021 and 2020.

9. Endowment (continued)

The Organization has adopted investment spending policies, approved by the Board of Directors, for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the Endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. In establishing this policy, the Organization considers the long-term expected return on its investment assets and the nature and duration of the individual Endowment assets and relies on a total return strategy in which investment returns are achieved through both capital appreciation, both realized and unrealized, and current yield, such as interest and dividends.

Endowment assets are invested in a well-diversified asset mix through the purchase of fixed income securities, equity securities, mutual funds, money market funds, and specialty securities through a restricted fund and an operational fund. The long-term targeted asset allocation under the restricted fund is: 50 - 80% domestic fixed income; 0 – 10% international fixed income; 10 – 40% domestic equity securities; 0 – 15% international equity securities and 0 – 10% cash and cash equivalents. Endowment assets under the restricted fund are subject to asset class diversification and limitation guidelines in order to avoid excessive investment concentration and to protect the portfolio against unfavorable outcomes within an asset class.

Changes in endowment assets in fiscal 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	$ 13,397,296	$ 199,113	$ 13,596,409
Appropriated	(1,546,559)	-	(1,546,559)
Interest and dividends	206,256	2,905	209,161
Net realized and unrealized gain on investments	1,812,768	25,530	1,838,298
Endowment assets, end of year	$ 13,869,761	$ 227,548	$ 14,097,309

9. Endowment (continued)

Changes in Endowment assets in fiscal 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	$ -	$ 194,004	$ 194,004
Designated	12,921,332	-	12,921,332
Interest and dividends	78,963	848	79,811
Net realized and unrealized gain on investments	397,001	4,261	401,262
Endowment assets, end of year	$ 13,397,296	$ 199,113	$ 13,596,409

10. Subsequent Events

Subsequent events have been evaluated through October 20, 2021, which is the date the financial statements were approved by the Organization and available to be issued.