FOOTHILL UNITY CENTER, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Foothill Unity Center, Inc.
Monrovia, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Foothill Unity Center, Inc. (the Center), a California nonprofit public benefit corporation, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of December 31, 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.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Foothill Unity Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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.

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 the Center's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' 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 the Center'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 the Center'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Pasadena, California
February 1, 2023

FOOTHILL UNITY CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash	$ 1,405,643	$ 676,254
Investments	13,631,955	12,918,822
Contributions Receivable	233,056	276,594
Prepaid Expenses	40,575	-
Property and Equipment, Net	6,781,978	6,866,937
Total Assets	$ 22,093,207	$ 20,738,607
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 201,086	$ 231,041
Refundable Advance	-	112,658
Loans Payable	2,042,406	2,368,436
Total Liabilities	2,243,492	2,712,135
NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,478,188	417,113
Designated by the Board for Endowment	510,710	499,350
Invested in Property and Equipment, Net of Related Debt	4,739,572	4,690,471
Total Without Donor Restrictions	6,728,470	5,606,934
With Donor Restrictions	13,121,245	12,419,538
Total Net Assets	19,849,715	18,026,472
Total Liabilities and Net Assets	$ 22,093,207	$ 20,738,607

See accompanying Notes to Financial Statements.

FOOTHILL UNITY CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	$ 1,569,693	$ 38,978	$ 1,608,671
In-Kind Contributions	4,002,940	-	4,002,940
Grants	1,880,522	-	1,880,522
Loan Forgiveness	191,970	-	191,970
Investment Income, Net	15,473	1,492,055	1,507,528
Releases from Restriction	829,326	(829,326)	-
Total Revenue, Support, and Gains	8,489,924	701,707	9,191,631
EXPENSES			
Program Services Expense:			
Food Services	4,460,159	-	4,460,159
Client Services	1,340,974	-	1,340,974
Health Services	494,848	-	494,848
Total Program Expense	6,295,981	-	6,295,981
Supporting Services Expense:			
Management and General	1,006,879	-	1,006,879
Fundraising and Development	65,528	-	65,528
Total Supporting Services Expense	1,072,407	-	1,072,407
Total Expenses	7,368,388	-	7,368,388
CHANGE IN NET ASSETS	1,121,536	701,707	1,823,243
Net Assets - Beginning of Year	5,606,934	12,419,538	18,026,472
NET ASSETS - END OF YEAR	$ 6,728,470	$ 13,121,245	$ 19,849,715

See accompanying Notes to Financial Statements.

FOOTHILL UNITY CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	$ 2,352,293	$ -	$ 2,352,293
In-Kind Contributions	4,554,573	-	4,554,573
Grants	1,102,102	-	1,102,102
Investment Income, Net	17,326	1,708,841	1,726,167
Other Income	30,217	-	30,217
Releases from Restriction	346,399	(346,399)	-
Total Revenue, Support, and Gains	8,402,910	1,362,442	9,765,352
EXPENSES			
Program Services Expense:			
Food Services	5,697,048	-	5,697,048
Client Services	633,915	-	633,915
Health Services	687,408	-	687,408
Total Program Expense	7,018,371	-	7,018,371
Supporting Services Expense:			
Management and General	298,985	-	298,985
Fundraising and Development	58,726	-	58,726
Total Supporting Services Expense	357,711	-	357,711
Total Expenses	7,376,082	-	7,376,082
CHANGE IN NET ASSETS	1,026,828	1,362,442	2,389,270
Net Assets - Beginning of Year	4,580,106	11,057,096	15,637,202
NET ASSETS - END OF YEAR	$ 5,606,934	$ 12,419,538	$ 18,026,472

See accompanying Notes to Financial Statements.

FOOTHILL UNITY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services				Management	Fundraising and	
	Food Services	Health Services	Client Services	Total	and General	Development	Total
Salaries and Wages	$ 776,782	$ 101,319	$ 303,958	$ 1,182,059	$ 472,824	$ 33,773	$ 1,688,656
Employee Benefits	73,134	9,539	28,617	111,290	44,516	3,180	158,986
Payroll Taxes	52,096	6,795	20,386	79,277	31,711	2,265	113,253
	902,012	117,653	352,961	1,372,626	549,051	39,218	1,960,895
Additional Program	222,799	29,061	87,182	339,042	135,617	9,687	484,346
Advertising and Promotion	20,303	2,648	7,945	30,896	12,358	883	44,137
Bank Charges	8,746	1,141	3,422	13,309	5,323	380	19,012
Capital Campaign Expense	3,002	392	1,175	4,569	1,828	131	6,528
Computer Charges	20,963	2,734	8,203	31,900	12,760	911	45,571
Depreciation	87,490	11,412	34,235	133,137	53,255	3,804	190,196
Dues and Subscriptions	2,666	348	1,043	4,057	1,623	116	5,796
Education	1,229	160	481	1,870	748	53	2,671
Events	18,134	2,365	7,096	27,595	11,038	788	39,421
Facilities	27,393	3,573	10,719	41,685	16,674	1,191	59,550
In-Kind	2,953,472	298,260	751,207	4,002,939	-	-	4,002,939
Insurance	15,678	2,045	6,135	23,858	9,543	682	34,083
Interest Expense	37,892	4,942	14,827	57,661	23,065	1,647	82,373
Meetings/Meal Expense	5,914	771	2,314	8,999	3,600	257	12,856
Office Supplies	10,684	1,394	4,181	16,259	6,504	465	23,228
Personnel Expense, Licenses, Taxes and Fees	6,798	886	2,660	10,344	4,138	295	14,777
Other	527	134	401	1,062	623	45	1,730
Postage	883	115	345	1,343	537	38	1,918
Professional Fees	-	-	-	-	89,463	-	89,463
Rent	25,562	3,334	10,002	38,898	15,559	1,111	55,568
Supplies	14,853	1,937	5,812	22,602	9,041	646	32,289
Telephone and Internet	14,417	1,881	5,642	21,940	8,776	627	31,343
Travel	1,390	181	544	2,115	846	60	3,021
Utilities	41,108	5,362	16,086	62,556	25,022	1,787	89,365
Vehicle	16,244	2,119	6,356	24,719	9,887	706	35,312
Total Expenses by Function	$ 4,460,159	$ 494,848	$ 1,340,974	$ 6,295,981	$ 1,006,879	$ 65,528	$ 7,368,388

See accompanying Notes to Financial Statements.

FOOTHILL UNITY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services				Management	Fundraising and	
	Food Services	Health Services	Client Services	Total	and General	Development	Total
Salaries and Wages	$ 607,483	$ 337,490	$ 269,992	$ 1,214,965	$ 107,997	$ 26,999	$ 1,349,961
Employee Benefits	87,487	38,883	48,604	174,974	15,553	3,888	194,415
Payroll Taxes	37,141	20,634	16,507	74,282	6,603	1,651	82,536
	732,111	397,007	335,103	1,464,221	130,153	32,538	1,626,912
Additional Program	192,979	85,769	107,211	385,959	34,307	8,577	428,843
Advertising and Promotion	6,035	2,682	3,353	12,070	1,073	268	13,411
Bank Charges	6,172	2,743	3,429	12,344	1,097	274	13,715
Capital Campaign Expense	3,686	2,048	1,638	7,372	655	164	8,191
Computer Charges	9,481	4,214	5,267	18,962	1,685	421	21,068
Depreciation	79,555	35,358	44,197	159,110	14,143	3,536	176,789
Dues and Subscriptions	6,795	3,020	3,775	13,590	1,208	302	15,100
Education	128	57	71	256	23	6	285
Events	2,709	1,204	1,505	5,418	482	120	6,020
Facilities	14,771	6,565	8,206	29,542	2,626	656	32,824
In-Kind	4,455,851	42,920	34,336	4,533,107	13,734	3,434	4,550,275
Insurance	13,837	6,150	7,687	27,674	2,460	615	30,749
Interest Expense	49,838	27,688	22,150	99,676	8,860	2,215	110,751
Meetings/Meal Expense	2,953	1,641	1,313	5,907	525	131	6,563
Office Supplies, Licenses, Taxes and Fees	11,354	7,902	6,321	25,577	2,528	633	28,738
Other	763	424	339	1,526	136	34	1,696
Postage	542	301	241	1,084	96	24	1,204
Professional Fees	-	-	-	-	64,085	-	64,085
Rent	24,808	13,782	11,026	49,616	4,410	1,103	55,129
Supplies	15,900	8,833	7,067	31,800	2,827	707	35,334
Telephone and Internet	14,803	8,224	6,579	29,606	2,632	658	32,896
Travel	2,858	1,588	1,270	5,716	508	127	6,351
Utilities	35,410	19,672	15,738	70,820	6,295	1,574	78,689
Vehicle	13,709	7,616	6,093	27,418	2,437	609	30,464
Total Expenses by Function	$ 5,697,048	$ 687,408	$ 633,915	$ 7,018,371	$ 298,985	$ 58,726	$ 7,376,082

See accompanying Notes to Financial Statements.

FOOTHILL UNITY CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,823,243	$ 2,389,270
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	190,196	176,789
Realized and Unrealized Gains on Investments	(1,250,361)	(1,490,103)
Donated Vehicle	-	(4,298)
Loan Forgiveness	(191,970)	-
Changes in Operating Assets and Liabilities:		
Contributions Receivable	43,538	25,650
Prepaid Expenses	(40,575)	5,346
Accounts Payable and Accrued Expenses	(29,955)	70,487
Refundable Advance	(112,658)	112,658
Net Cash Provided by Operating Activities	431,458	1,285,799
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(105,237)	(42,654)
Purchases of Investments	(2,400,475)	(236,059)
Proceeds from Sales of Investments	2,937,703	350,000
Net Cash Provided by Investing Activities	431,991	71,287
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on Loans Payable	-	191,970
Principal Payments on Loans Payable	(134,060)	(985,343)
Net Cash Used by Financing Activities	(134,060)	(793,373)
NET CHANGE IN CASH	729,389	563,713
Cash - Beginning of Year	676,254	112,541
CASH - END OF YEAR	$ 1,405,643	$ 676,254
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 82,373	$ 110,751
Equipment Financed with Loans Payable	$ -	$ 15,950

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF ORGANIZATION

Foothill Unity Center, Inc. (the Center) is a California nonprofit Corporation whose mission is to help neighbors in crisis attain self-sufficiency by partnering with the community and using our resources wisely to provide vital support services with love and dignity. The Center was founded in 1980 as an emergency food pantry operating out of a church closet in Monrovia, California, to assist the low-income, disadvantaged, and underserved. The Center was federally designated as a Community Action Agency (CAA) in 2008, to join a network of 47 organizations in the state of California and 1,100 in the country, to combat poverty. The target population expanded to the Foothills portion of SPA 3, which includes Altadena, Arcadia, Azusa, Baldwin Park, Bradbury, Duarte, Irwindale, Monrovia, Pasadena, Sierra Madre, South Pasadena, and Temple City. The Center is a multi-service agency that is the region's primary provider of integrated services that provide a safety net for the very low-income and homeless population. All programs focus on helping individuals and families stabilize and move out of poverty with the following core programs that are supported by our Volunteer Program: Food, Health, Crisis Case Management, Job Development, and Housing.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting to conform to generally accepted accounting principles in the United States of America (U.S. GAAP) as applicable to nonprofit institutions. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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 (or certain grantor) restrictions, including donor-restricted contributions whose restrictions are met in the same reporting period. The governing board has designated, from net assets without donor restrictions, a board-designated endowment, the Hunger Fund, which provides food distribution assistance.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Contributions

Contributions that are unconditional promises to give (pledges) are recorded as receivables and revenues. For financial reporting purposes, the Center distinguished between contributions with donor restrictions and without donor restrictions. Contributions on which donors have imposed restrictions which limit the use of the donated assets are reported as with donor restrictions. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributed assets which are subject to perpetual donor restrictions and from which only the current income may be used are classified as net assets with donor restrictions. Contributed assets for which donors have not stipulated restrictions, as well as contributions on which donors have placed restrictions which are met within the same reporting period, are reported as contributions without donor restrictions.

Contributions and grants are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give that is, those with a measurable performance or other barrier and a right to return are not recognized until the conditions on which they depend have been substantially met. Payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. The Center had a cost-reimbursement grant agreement with a government agency in the amount of $450,633 for the grant period of March 2020 to May 2022. As of December 31, 2020, the conditional balance on this grant agreement was $450,633, of which, $112,658 was received in advance. During the year ended December 31, 2021, the Center met the conditions in the grant agreement and recognize the revenue.

Property and Equipment

The Center capitalizes assets $1,000 and over that meet the capitalization criteria. Property and equipment is recorded at cost, less accumulated depreciation, or if donated, at the approximate fair market value at the date of donation. Depreciation and amortization are computed on the straight-line method over the estimated useful life of the related assets as follows:

Building and Improvements	39 Years
Furniture, Fixtures, and Equipment	5 to10 Years
Vehicles	5 Years
Software	3 Years

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. Management believes there were no indicators of asset impairment during the years ended December 31, 2021 and 2020.

Investments

The Center records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Endowment – Return Objectives, Risk Parameters, and Spending Policy

The Center's endowment consists of assets restricted for perpetual endowment and related endowment earnings. The Center holds endowment funds at one institution, which manages the funds and attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment fund. Under this policy, the funds are invested in a manner that is intended to achieve a total return over the long term (three to five-year rolling periods) of at least equal to the inflation rate as measured by the Consumer Price Index while assuming a moderate amount of risk. Actual returns in any given year may vary from this amount. On an annual basis, the Center makes available for spending an amount equal to approximately 5% of the endowment fund's average fair value over the prior 12 quarters. The spending rate may exceed 5% if the board, in their good judgement deems it necessary as the spending rate limit is a guiding principle and not absolute. Any such action will be evidenced by a board resolution.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Center's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP. Contributed goods and rent are recorded at fair value at the date of donation. The Center records donated professional services at the respective fair values of the services received.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Center reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting Center's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Center's assessment of the quality, risk, or liquidity profile of the asset or liability.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Management's estimate of the functional allocation of expenses shared between programs, which includes food, client and health services, management and general, and fundraising is based on a reasonable and consistent basis using factors such as direct payroll allocation, square footage, full-time equivalents within each department, and total direct expenses.

Income Taxes

The Center has received favorable determination letters indicating it is generally exempt from federal income taxes and California franchise taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

U.S. GAAP provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by the Center are more likely than not to be sustained upon examination.

Credit Concentration

The Center manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Center has not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of the Center's mission. Investments are made by diversified investment managers whose performance is monitored by management and the investment committee of the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

At December 31, 2021 and 2020, three donors and one donor accounted for 64% and 48% of total contributions receivable, respectively. For the years ended December 31, 2021 and 2020, two contributors and three contributors accounted for 26% and 63% of total contribution revenue, respectively. For the years ended December 31, 2021 and 2020, three governmental grants accounted for 72% and 43% of grant revenue, respectively.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through February 1, 2023, the date the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.

New Accounting Pronouncements Adopted During the Year

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Number 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about noncash contributions nonprofit organizations receive or make, known as gifts-in-kind (GIKs). Contributed nonfinancial assets are required to be reported by category within the statement of activities, and additional disclosures are required for each category, including whether nonfinancial assets were monetized or utilized during the reporting period, the policy for monetizing nonfinancial contributions, and descriptions of the fair value techniques used to arrive at a fair value measurement. The Center adopted the requirements of the new ASU as of July 1, 2020, utilizing the retrospective method of transition.

New Accounting Pronouncements Effective in Future Accounting Periods

ASU 2016-02, *Leases (Topic 842).* This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. It is effective for fiscal year beginning after December 15, 2021. Management will be evaluating the effects of this new standard.

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2021	2020
Cash	$ 1,405,643	$ 676,254
Contributions Receivable	233,056	220,474
Total	$ 1,638,699	$ 896,728

At December 31, 2021, the Center has a board-designated endowment of $510,375; further, the Center has a spending rate of 5%, as described in Note 2. Although the Center does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 4 INVESTMENTS

At December 31, 2021 and 2020, the Center's investments are held in various mutual funds and are all considered Level 1 assets based on observable inputs under the fair value hierarchy. The asset allocations of the Center's investments are as follows:

	2021	2020
Stock Market Index Fund	$ 5,547,388	$ 5,737,385
International Stock Index Fund	3,265,057	3,788,064
Bond Market Index Fund	1,235,183	1,178,878
International Bond Index Fund	1,051,426	1,018,054
Intermediate-Term Investment Grade Fixed Income Fund	739,867	724,784
Long-Term Investment Grade Fixed Income Fund	209,455	270,892
Short-Term Investment Grade Fixed Income Fund	277,789	200,765
Federal Money Market Fund	1,305,790	-
Total	$ 13,631,955	$ 12,918,822

Investment income for the years ended December 31 2021 and 2020, were comprised of the following:

	2021	2020
Interest and Dividends	$ 280,896	$ 257,327
Realized Gain on Investments	1,146,991	334,884
Unrealized Gain on Investments	103,370	1,155,219
Less: Investment expense	(23,729)	(21,263)
Total	$ 1,507,528	$ 1,726,167

NOTE 5 CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at December 31, 2021 and 2020:

	2021	2020
Within One Year	$ 233,056	$ 220,474
In One to Five Years	-	56,120
Total	$ 233,056	$ 276,594

NOTE 6 PROPERTY AND EQUIPMENT

At December 31, 2021 and 2020, property and equipment consisted of the following:

	2021	2020
Land	$ 2,499,994	$ 2,499,994
Buildings and Improvements	4,468,262	4,366,409
Furniture, Fixtures, and Equipment	377,884	374,501
Vehicles	191,078	191,078
Software	73,074	73,074
Subtotal	7,610,292	7,505,056
Less: Accumulated Depreciation and Amortization	(828,314)	(638,119)
Total Property and Equipment	$ 6,781,978	$ 6,866,937

NOTE 7 LOANS PAYABLE

Promissory Note - Building

In September 2017, the Center obtained a promissory note from the seller of the building in the amount of $3,125,000 maturing December 31, 2027. The promissory note bears interest at 5%, secured by the building itself. Payment on this loan of principal and interest began in the third month after the agreement. During October 2019, the Center refinanced their loan for an amount of $3,100,000 maturing October 2029. The promissory note bears interest at 3.67%, secured by the building itself. At December 31, 2021 and 2020, outstanding balance on this promissory note was $2,042,406 and $2,133,596, respectively.

The promissory note is subject to Financial and Reporting Covenants, which require the Center to maintain a Basic Fixed Charge Ratio of at least 1.15-1.0, Liquidity Ratio of no less than 10%, and to provide the lender audited financial statements within 120 days of fiscal year-end. Both the Basic Fixed Charge Ratio and Liquidity Ratios are to be measured at June month-end and December month-end. At December 31, 2021, the Center was in compliance with the Basic Fixed Charge Ratio and Liquidity Ratio.

PPP Loan

On May 1, 2020, the Center received a loan from Bank of America in the amount of $191,970 to fund payroll and utilities through the Paycheck Protection Program (the PPP Loan) which is part of the Coronavirus Aid Relief and Economic Security Act guaranteed by the U.S. Small Business Administration (SBA). The loan bears interest at the rate of 1% per annum and matures in May 2022. Under certain requirements, the loan may be forgiven in whole or in part. The PPP Loan was forgiven during the year ended December 31, 2021 and recorded as a gain on loan forgiveness in that year.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Center's financial position.

NOTE 7 LOANS PAYABLE (CONTINUED)

At December 31, 2021, future principal payments on the loans payable are as follows:

Year Ending December 31,		Amount
2022	$	36,204
2023		39,173
2024		34,247
2025		28,934
2026		23,519
Thereafter		1,880,329
Total	$	2,042,406

NOTE 8 COMMITMENTS

The Center leases certain office equipment under a noncancellable lease agreement. Under the lease agreement, the Center will pay a minimum monthly rental of $435.

In April 2022, the Center entered into a noncancellable office lease agreement through March 2024. Under the lease agreement, the Center will pay a minimum monthly rental of $4,413, which will increase 3% a year.

At December 31, 2021, future minimum lease payments are as follows:

Year Ending June 30,		Office Equipment		Office Lease
2022	$	5,214	$	52,698
2023		3,911		54,276
2024		-		55,900
Total	$	9,125	$	162,874

NOTE 9 ENDOWMENTS

The Center's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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. As a result of this interpretation, the Center retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA. The Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Center and the donor-restricted endowment fund
(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 Center
(7) The investment policies of the Center.

The Center's endowment by net asset class at December 31, 2021 and 2020, in total and by type of endowment fund, showing donor-restricted endowment funds separately from board-designated endowment funds are as follows:

December 31, 2021	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 510,710	$ -	$ 510,710
Donor-Restricted Endowment Funds:			
Accumulated Earnings	-	4,461,417	4,461,417
In Perpetuity	-	8,659,828	8,659,828
Total	$ 510,710	$ 13,121,245	$ 13,631,955
December 31, 2020			
Board-Designated Endowment Funds	$ 499,350	$ -	$ 499,350
Donor-Restricted Endowment Funds:			
Accumulated Earnings	-	3,759,710	3,759,710
In Perpetuity	-	8,659,828	8,659,828
Total	$ 499,350	$ 12,419,538	$ 12,918,888

NOTE 9 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

Changes in endowment assets for the years ended December 31, 2021 and 2020 are as follows:

December 31, 2020	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 485,523	$ 11,057,096	$ 11,542,619
Investment Return, Net	17,326	1,708,841	1,726,167
Appropriation of Arcadia Fund and Health Fund Assets Pursuant to Spending-Rate Policy	-	(346,399)	(346,399)
Distribution from Board-Designated Pursuant to Distribution Policy	(3,499)	-	(3,499)
Endowment Net Assets - End of Year	$ 499,350	$ 12,419,538	$ 12,918,888
December 31, 2021			
Endowment Net Assets - Beginning of Year	$ 499,350	$ 12,419,538	$ 12,918,888
Investment Return, Net	15,473	1,492,055	1,507,528
Contributions	4,264	38,978	43,242
Appropriation of Arcadia Fund and Health Fund Assets Pursuant to Spending-Rate Policy	-	(829,326)	(829,326)
Distribution from Board-Designated Pursuant to Distribution Policy	(8,377)	-	(8,377)
Endowment Net Assets - End of Year	$ 510,710	$ 13,121,245	$ 13,631,955

In 2015, the Center received a $630,000 term endowment for which the donor provided for the use of all income and not more than 2% of the principal annually to provide assistance to low-income Arcadia individuals and families.

In 2017, the Center passed two motions to withdraw $2.8 million from the endowment for the purpose of purchase a new facility. $2,269,861 was distributed from the endowment without donor restrictions and $530,139 was distributed from the accumulated earnings of endowment with donor restrictions. In 2018, the board passed a motion to pay back funds withdrawn from endowment. As of December 31, 2021, the funds have not been paid back. Management will pay back the endowment as soon as possible.

NOTE 10 NET ASSETS WITH DONOR RESTRICTION

At December 31, 2021 and 2020, net assets with donor restriction consist of the following:

	2021	2020
Subject to Endowment Spending Policy and Appropriation:		
Health Fund	$ 3,623,279	$ 2,994,032
Arcadia Welfare Fund	799,148	765,678
Perpetuity	8,698,818	8,659,828
Total	$ 13,121,245	$ 12,419,538

During the years ended December 31, 2021 and 2020, net assets were released from donor restriction by meeting donor-imposed stipulations and appropriations.

	2021	2020
Restricted-Purpose Spending-Rate Appropriations:		
Health Fund	$ 787,441	$ 328,932
Arcadia Welfare Fund	41,885	17,467
Total	$ 829,326	$ 346,399

NOTE 11 EMPLOYEE BENEFITS

The Center offers a 403(b) plan for its employees. Eligible employees are allowed to make salary reduction contributions. During the years ended December 31, 2021 and 2020, the Center did not make discretionary employer contributions to the retirement plan.

NOTE 12 CONTRIBUTED NONFINANCIAL ASSET

Contributed nonfinancial assets recognized within the statements of activities for the year ended December 31, 2021, are as follows:

Nonfinancial Asset	Revenue Recognized	Monetized or Utilized	Utilization in Function	Donor Restrictions	Valuation Technique
Goods	$ 631,207	Utilized	Center Support	No Donor Restriction	Estimated average price per pound for each category as based on local prices
Food	2,953,473	Utilized	Center Support	No Donor Restriction	Estimated average regional price per pound for each food category as determined by Los Angeles Regional Food Bank
Professional Volunteers	298,260	Utilized	Center Support	No Donor Restriction	Estimate of time spent by professional for their services
Rent	120,000	Utilized	Center Support	No Donor Restriction	Estimate of rent of building being used
	$ 4,002,940				

NOTE 12 CONTRIBUTED NONFINANCIAL ASSET (CONTINUED)

Contributed nonfinancial assets recognized within the statements of activities for the year ended December 31, 2020, are as follows:

Nonfinancial Asset	Revenue Recognized	Monetized or Utilized	Utilization in Function	Donor Restrictions	Valuation Technique
Goods	$ 232,282	Utilized	Center Support	No Donor Restriction	Estimated average price per pound for each category as based on local prices
Food	4,150,611	Utilized	Center Support	No Donor Restriction	Estimated average regional price per pound for each food category as determined by Los Angeles Regional Food Bank
Professional Volunteers	51,680	Utilized	Center Support	No Donor Restriction	Estimate of time spent by professional for their services
Rent	120,000	Utilized	Center Support	No Donor Restriction	Estimate of rent of building being used
	$ 4,554,573				

NOTE 13 LOSS CONTINGENCY

The Center received grant income from a government agency, of which the Center is required to maintain certain compliance requirements. Known questioned costs totaling $112,868 and likely questioned costs totaling $314,525 was identified as a result of the audit on compliance for major federal program. The government agency may review funding eligibility and usage of funds for compliance with program requirements and may request return of questioned costs. Management is of the opinion that such event is not likely to occur, and any review will not have a material adverse impact on the Center's financial position.