



Safe Place For Youth

Financial Statements

Fiscal Year

2020-2021

July 1, 2020 Through Jun 30, 2021

INTERNAL

AUDITED PERIOD DEC 1, 2020 - JUN 30, 2021

UNAUDITED PERIOD JUL 1, 2020 - NOV 30, 2020

CONFIDENTIAL

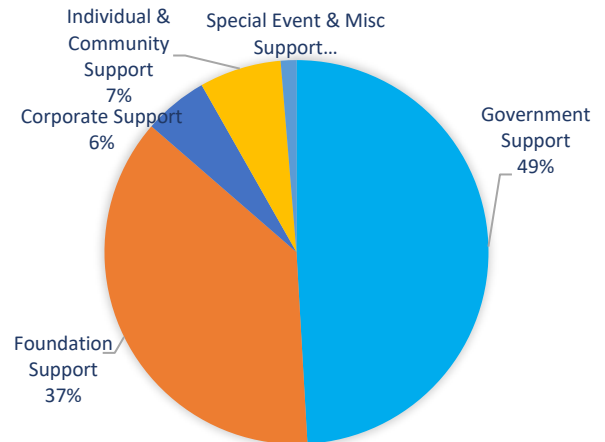
Safe Place For Youth

Financial Summary

Fiscal Year 2020-2021 YTD July 1, 2020 Thru June 30, 2021

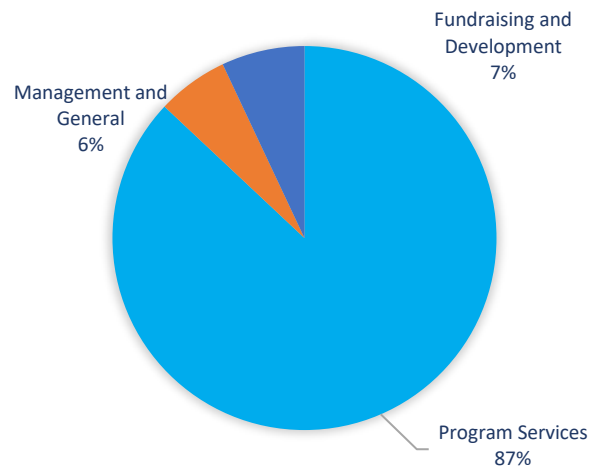
Support & Revenue

Government Support	3,605,725
Foundation Support	2,738,438
Corporate Support	397,487
Individual & Community Support	506,792
Special Event & Misc Support	96,820
Total	\$7,345,262



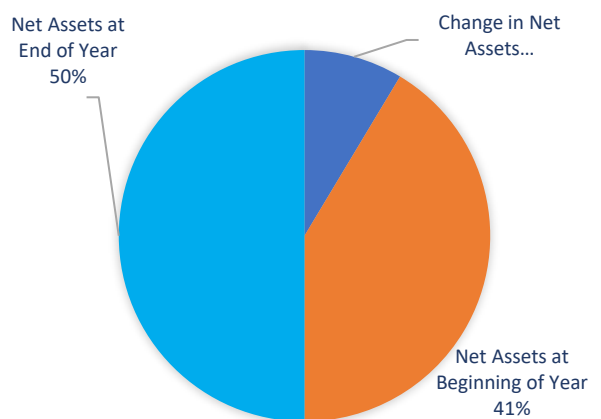
Expenses

Program Services	5,966,144
Management and General	411,458
Fundraising and Development	480,035
Total	\$6,857,637



Assets

Change in Net Assets	487,625
Net Assets at Beginning of Year	2,345,152
Net Assets at End of Year	\$2,832,777



Safe Place For Youth

STATEMENT OF FINANCIAL POSITION

Fiscal Year 2020-2021 YTD July 1, 2020 Thru June 30, 2021

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and cash equivalents	\$ 1,675,577	\$ -	\$ 1,675,577
Accounts receivable	1,259,871	-	1,259,871
Contributions receivable	-	-	-
Prepaid Expenses	134,397		134,397
Fixed assets, net	24,572	-	24,572
Total assets	\$ 3,094,417	\$ -	\$ 3,094,417

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 162,020	\$ -	\$ 162,020
Accrued expenses	75,048	-	75,048
Deferred Revenue	24,572	-	24,572
Total liabilities	261,640	-	261,640

NET ASSETS

Without donor restrictions	2,832,777	-	2,832,777
With donor restrictions	-	-	-
Total net assets	2,832,777	-	2,832,777
Total liabilities and net assets	\$ 3,094,417	\$ -	\$ 3,094,417

Safe Place For Youth

STATEMENT OF FINANCIAL ACTIVITY

Fiscal Year 2020-2021 YTD July 1, 2020 Thru June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Government grants	\$ 3,605,725	\$ -	\$ 3,605,725
Contributions			
Foundations	\$ 2,738,438	\$ -	\$ 2,738,438
Corporations	397,487	-	397,487
Individual & Community Support	506,792	-	506,792
Special Event & Misc Support	96,820	-	96,820
In-kind contributions	-	-	-
Total public support	7,345,262	-	7,345,262
Total public support, revenue, and gains	7,345,262	-	7,345,262
EXPENSES			
Program	5,966,144	-	5,966,144
Total program	5,966,144	-	5,966,144
Supporting services			
Management and general	411,458	-	411,458
Fundraising	480,035	-	480,035
Total supporting services	891,493	-	891,493
Total expenses	6,857,637	-	6,857,637
CHANGE IN NET ASSETS	487,625	-	487,625
NET ASSETS, beginning of year	2,345,152	-	2,345,152
NET ASSETS, end of year	\$ 2,832,777	\$ -	\$ 2,832,777

Accrual Basis | Friday 01/14/2022 | 05:35 PM

Financial Statements Narrative

Safe Place for Youth was fiscally sponsored by Community Partners and started operating as an independent 501 (c) 3 Organization on December 1, 2020. Hence the Organization's financials are distinguished between two major fiscal periods during the previous fiscal year based on the separation date from its fiscal sponsor. The first fiscal period covers the first five fiscal months from 07/01/2020 through 11/30/2020 with an estimated revenue of \$2.9+ million. The second fiscal period which is presented on the audited financial statements covers the remaining seven fiscal months with a \$4.3+ million in revenue, totaling the entire Organization's fiscal year revenue to \$7.3+ million. These accompanied Financial Statements represent the entire fiscal year from Jul 1, 2020 thru Jun 30, 2021. The Financial Statements show a strong financial position allowing the Organization to align its financial priorities with its mission and strategic imperatives to better serve the community and make permanent positive differences in the lives of its members.

The Statement of Activities for the entire fiscal year shows \$7.3+ million in public support revenue, the Statement of Financial Position as at the end of the same period shows \$3+ million in assets and \$2.8+ million in net assets.

Safe Place For Youth's current budget for the fiscal Year ending June 30, 2022 shows more than \$9 million in revenue. The Organization anticipates continued sustainable growth and increased achievable impact attributed to its strategies and program outreach which effectively utilize the funding and support from all current public and private sources.

The following is summary of significant accounting policies to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's financial integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial statement presentation: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes there in are classified and reported as either; 1) Net assets without donor restrictions that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors. 2) Net assets with donor restrictions that are subject to stipulation imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires,

net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Other donor restrictions could be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization has no net assets that were perpetual in nature for the fiscal year ended June 30, 2021.

Expiration of donor-imposed restrictions: Net assets are released from donor restrictions by incurring expenses to satisfy the restricted purposes and by occurrence of events specified by the donors, including the passage of time. Donor restriction on long-lived assets or cash to construct or acquire long-lived assets are considered to have expired when the assets are placed in service or expenditures exceed the amount of the gift.

Cash and cash equivalents: The Organization considers all highly liquid investments with an original maturity of three months or less from the date of acquisition to be cash and cash equivalents. The Organization maintains its cash and cash equivalents in financial institutions located in California, with funds insured by the Federal Deposit Insurance Corporation (FDIC) and by the National Credit Union Administration (NCUA). The Organization's accounts may, at times, exceed the FDIC and NCUA insured limit of \$250,000. The Organization has not experienced any losses in such accounts.

Accounts receivable: Accounts receivable consist of amounts due for program support not yet received by year-end. Credit risk with respect to accounts receivable is limited due to the number and credit worthiness of the local government agencies and corporations who support the Organization's programs. On a periodic basis, the Organization evaluates its accounts receivable and establishes allowances based on overdue accounts or and history of past-write offs. Management has determined that all amounts carried as receivables at June 30, 2021 are collectible, and therefore, no allowance for doubtful accounts has been established. Historically, all accounts receivables have been collected as they become due. No interest is charged on accounts receivable.

Contribution receivables: Contribution receivables consist of unconditional promises to give due within one year. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at fiscal year-end. The Organization has determined that no allowance for potential losses due to uncollectible receivables is necessary as at June 30, 2021. No net present value discounts have been recorded against contributions receivable.

Fair value of financial instruments: The carrying amounts of cash and cash equivalents, receivables, contributions receivables, accounts payable, and accrued expenses approximate fair value because of the short maturity of these instruments.

Fixed assets: Fixed assets are stated at cost at the date of purchase or their estimated fair value of at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The Organization has assigned a useful life of five years. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$2,500 and expense normal repairs and maintenance as incurred. The Organization's management

periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered. No impairment was recorded for the fiscal year ended June 30, 2021.

Revenue recognition: Contributions, unconditional promises to give, grants, and other gifts are recognized at fair value and are recorded when received or unconditionally promised. Conditional promises to give are not recorded until the conditions are substantially met.

Program support represents contributions from government agencies, corporations, community and foundations to support the Organization's mission. Revenue is recognized in the applicable period in which the program is performed.

Special events revenue is generated from various events. Revenue and related expenses are recognized at the time such events take place.

Contributions of non-cash assets are recorded at their estimated fair values in the period received and other services reported as in-kind contributions in the statement of activities.

Functional allocation of expenses: The costs of various operations of the Organization have been summarized on a functional basis between program grants, management and general, and fundraising based on relative direct costs, square footage of space, and full-time equivalents.

Advertising costs: The Organization follows the policy of charging advertising costs to expense as incurred.

Income taxes: The Organization is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. The Organization is a public, charitable organization and contributions to the Organization qualify for a charitable tax deduction to donors. The Organization files informational returns in the U.S. federal jurisdiction and the State of California.



safe place for youth

**Safe Place for Youth
(a Nonprofit Organization)
Audited Financial Statements
*As of and for the Seven Months Ended June 30, 2021
with Independent Auditor's Report***

Safe Place for Youth
(a Nonprofit Organization)
Audited Financial Statements
As of and for the Seven Months Ended June 30, 2021
with Independent Auditor's Report

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Independent Auditor's Report

To the Board of Directors Safe Place for Youth

Report on the Financial Statements

We have audited the accompanying financial statements of Safe Place for Youth (the Organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the seven months then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 Safe Place for Youth as of June 30, 2021, and the changes in its net assets and its cash flows for the seven months then ended in accordance with accounting principles generally accepted in the United States of America.

Vasquez & Company LLP

Glendale, California
January 14, 2022

Safe Place for Youth
Statement of Financial Position
June 30, 2021

Current assets

Cash and cash equivalents	\$ 1,675,577
Grants and other receivable	1,259,871
Prepaid expenses and deposits	<u>134,397</u>
Total current assets	3,069,845

Property and equipment, net	<u>24,572</u>
Total assets	\$ <u>3,094,417</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 162,020
Accrued vacation	75,048
Deferred revenue	<u>24,572</u>
Total liabilities	<u>261,640</u>

Net assets

Without donor restrictions	<u>2,832,777</u>
Total net assets	<u>2,832,777</u>

Total liabilities and net assets	\$ <u>3,094,417</u>
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See notes to financial statements.

**Safe Place for Youth
Statement of Activities
Seven Months Ended June 30, 2021**

Revenues and support without donor restrictions

Contributions and grants	\$ 4,274,505
Special events revenue, net of cost of direct benefits to donors of \$42,691	84,745
Other income	20,320
Total revenues and support without donor restrictions	<u>4,379,570</u>

Expenses

Program services	3,312,912
Management and general	266,533
Fundraising	271,884
Total expenses	<u>3,851,329</u>

Change in net assets without donor restrictions	528,241
Net assets at beginning of year	<u>2,304,536</u>
Net assets at end of year	<u>\$ 2,832,777</u>

See notes to financial statements.

Safe Place for Youth
Statement of Functional Expenses
Seven Months Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,783,779	\$ 171,857	\$ 200,812	\$ 2,156,448
Payroll taxes	149,456	14,399	16,825	180,680
Other employee benefits	223,156	21,500	25,122	269,778
Accounting and audit	11,877	819	413	13,109
Advertising and promotion	887	-	92	979
Bank charges	4,239	292	147	4,678
Payroll administration	12,946	893	450	14,289
Program services	596,500	18,547	8,870	623,917
Depreciation	3,425	236	119	3,780
Facility, equipment and maintenance	17,640	1,726	104	19,470
Insurance	23,627	1,629	821	26,077
Information technology	56,135	4,289	1,533	61,957
Legal	11,181	771	389	12,341
Donor, volunteering development and communications	30,013	1,111	1,843	32,967
Supplies and materials	58,703	5,778	2,912	67,393
Postage and mailings	536	10	5	551
Print and copying	1,880	130	65	2,075
Rent, parking and utilities	210,660	14,527	7,322	232,509
Staff development and recruitment	108,846	7,507	3,783	120,136
Telephone	4,841	334	168	5,343
Travel	2,585	178	89	2,852
	<u>\$ 3,312,912</u>	<u>\$ 266,533</u>	<u>\$ 271,884</u>	<u>\$ 3,851,329</u>

See notes to financial statements.

**Safe Place for Youth
Statement of Cash Flows
Seven Months Ended June 30, 2021**

Cash flows from operating activities

Change in net assets	\$ 528,241
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,780
Change in operating assets and liabilities:	
Increase in:	
Grants and other receivable	(1,259,871)
Prepaid expenses and deposits	(134,397)
Accounts payable and accrued expenses	162,020
Accrued vacation	75,048
Deferred revenue	24,572
Net cash used in operating activities	<u>(600,607)</u>

Cash flows from investing activity

Purchase of property and equipment	<u>(28,352)</u>
Net cash used in investing activity	<u>(28,352)</u>

Cash flows from financing activity

Cash transferred from Community Partners, net	<u>2,304,536</u>
Net cash provided by financing activity	<u>2,304,536</u>

Net increase in cash and cash equivalents	1,675,577
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 1,675,577</u>

See notes to financial statements.

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Safe Place for Youth (SPY), a West Los Angeles community based non-profit, was founded in 2011 to address the increasing number of transition aged youth (TAY) who are experiencing homelessness or housing insecurity in Los Angeles; and to address a gap in the city's homeless response system, which historically caters to the needs of chronically homeless adults.

SPY's mission is to empower young people experiencing homelessness to thrive by providing lasting, community-driven solutions that address racial and social inequity. SPY advances its mission-driven work by providing youth with no-cost wrap-around services that aim to swiftly, safely, and sustainably exit young people from the streets. With support from Board Members, donors, volunteers, and partner agencies SPY has grown from a 100% volunteer organization to one with 85 employees and the following Core Program Components:

- Bridge (30-60days) and Transitional (1-3 years) Housing programs;
- Access Center services: day-services where youth can receive meals, showers, clothing, and hygiene items;
- 1:1 Case Management to support with the housing search and/or prevention of homelessness;
- Education & Employment support to aid with job placement, paid work experience opportunities, and post-secondary education or vocational program enrollment;
- Health & Wellness care, including access to counseling, substance recovery, psychiatry, sexual health, medical care, and dental care;
- Pregnant & Parenting support, ensuring the health of the whole family;
- Street Outreach, maintaining a visible presence in the community and connecting youth to services as needed;
- Healing Arts, a space for youth to heal among peers and develop rapport with SPY staff; and
- Youth Empowerment, Development, and Advocacy programming, to ensure that the homeless response system caters to the unique needs of youth experiencing homelessness

For the past 4 years, SPY has served as the lead access point and agency for the Youth Coordinated Entry System (YCES) in West Los Angeles. YCES is LA County's coordinated effort to efficiently and effectively connect young people to interventions that aim to rapidly resolve their housing crisis.

SPY was originally a part of Community Partners and became a separate legal entity as of December 1, 2021. Total funds transferred from Community Partners amounted to a net amount of \$2,304,536 after collection of receivables and withheld funds for expenses.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of SPY have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP), which require SPY to report information regarding its financial position and activities according to the following net asset classification:

Net assets without donor restrictions – This includes net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of three months or less. Cash and highly liquid financial instruments restricted for long-term purposes are excluded from this definition

Grants Receivable (Promises to Give)

Unconditional promises to give that are expected to be collected within one year are reported at net realizable value. Unconditional promises that are expected to be collected in more than one year are reported at the present value of the estimated future cashflows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in the contribution revenue. Conditional promises to give are not included as support until the conditions are met.

At June 30, 2021, SPY's receivable mostly consisted of receivables from government agencies and public and private foundations and are expected to be collected within one year. Management believes that the receivables are fully collectible, accordingly, no allowance for doubtful accounts has been established.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost at the date of purchase, or for donated assets, at fair value at the date of donation. SPY capitalizes assets whose costs are in excess of \$3,500. Depreciation is computed using the straight-line method over the asset's estimated useful lives as follows:

Vehicles	5 years
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When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Impairment Assessment of Long-lived Assets

SPY reviews its long-lived assets, including property and equipment, which are held and used in its operations, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If such an event or change in circumstances is present, SPY will estimate the undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the undiscounted future cash flows is less than the carrying amount of the related asset, SPY will recognize an impairment loss and records the impairment loss in the statement of activities. At June 30, 2021, management is not aware of any events or circumstances that would impair the carrying value of its long-lived assets.

Revenue Recognition

Contributions and Grants

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants (continued)

Conditional promises to give, that contains a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There was no conditional promise to give for the seven months ended June 30, 2021.

Conditional contributions received are recorded as deferred revenue and will be recognized as the conditions are substantially met. As of June 30, 2021, \$24,572 of conditional grants was received in advance.

Revenue from government grants and contracts are on a fixed fee or cost-reimbursement basis. Revenue is recognized as the service is performed up to the maximum amount required by the contract.

Donations In-kind

Donated services are reported as in-kind donations when those services (1) create or enhance non-financial assets or (2) require specialized skills or services which would be typically purchased if not provided by donation. Donated services are reported at fair values of the services at the date of receipt. Contributed materials are reported at fair value at the date of donation. During the seven months ended June 30, 2021, there were no donations in-kind received.

Functional Allocation of Expenses

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

Significant expense categories that are allocated include the following:

Expense	Method of Allocation
Salaries and wages	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Depreciation	Full time equivalent
Facility, equipment and maintenance	Full time equivalent
Rent	Full time equivalent

The expenses that are allocated include depreciation, facility and equipment maintenance and rent which are allocated on full time equivalent (FTE) basis as well as salaries and wages, employee benefits and payroll taxes which are allocated on the basis of estimates of time and effort.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Income Tax Status

SPY was organized as a California nonprofit corporation and is recognized by the Internal Revenue Services as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a). On April 23, 2020, SPY was classified as an organization described in IRC Section 501(c)(3) and is not considered a private foundation.

SPY is required to file annually a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes.

SPY has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to SPY's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

New Accounting Pronouncements Not Yet Adopted

In February 2016, FASB issued ASU 2016-02, *Leases*. This accounting standard requires organizations that lease assets to recognize a right-of use asset and a liability, initially measured at the present value of the lease payments, in its statement of financial position. Lessor accounting is largely unchanged from that applied under current U.S. GAAP. This accounting standard will also require additional disclosure about the amount, timing, and uncertainty of cash flows arising from leases. This accounting standard is effective for fiscal years beginning after December 15, 2021. SPY has not yet adopted this ASU and is currently assessing the impact on SPY's financial statements upon adoption in subsequent years.

In September 2020, Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU addresses presentation and disclosure requirements for not-for-profit entities for contributed nonfinancial assets. The ASU is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. SPY has not yet adopted this ASU and does not expect a significant impact on SPY's financial statements upon adoption in subsequent years.

NOTE 3 FINANCIAL LIQUIDITY AND AVAILABILITY

At June 30, 2021, SPY's financial assets available for general expenditures consist of the following:

Financial Assets:

Cash and cash equivalents	\$ 1,675,577
Grants and other receivable	1,259,871
Total financial assets	<u>2,935,448</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	-
Less net assets with donor restrictions to be met in less than a year	<u>-</u>
	<u>-</u>

Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,935,448</u>
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SPY manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. SPY operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Contributions and promises to give restricted by donors for programs that are ongoing, major, and central to SPY's annual operations, are considered to be available to meet cash needs for general expenditures.

NOTE 4 GRANTS AND OTHER RECEIVABLE

Grants and other receivable include unconditional promises approved by grantor organizations and employee advances before year end. At June 30, 2021, grants and other receivable consists of the following:

County of Los Angeles Department of Mental Health	\$ 840,137
Los Angeles Homeless Services Authority	324,599
California Workforce Development Board	65,960
Venice Community Housing Corporation	12,014
Westside Infant Family Network	11,549
County of Los Angeles	4,167
Employee advances	1,445
	<u>\$ 1,259,871</u>

Management determined that all receivables are fully collectible as of June 30, 2021.

NOTE 5 PROPERTY AND EQUIPMENT

At June 30, 2021, property and equipment consisted of the following:

Vehicles	\$	28,352
Less: accumulated depreciation		<u>(3,780)</u>
	\$	<u>24,572</u>

Depreciation expense amounted to \$3,780 for the seven months ended June 30, 2021.

NOTE 6 CONTRIBUTIONS AND GRANTS

Contributions and grants include government and subcontractor contracts and contributions from foundations, corporations and various individual donors. For the seven months ended June 30, 2021, majority of the contributions and grants consists of the following:

	<u>Government Contracts</u>
County of Los Angeles Department of Mental Health	\$ 1,227,743
Los Angeles Homeless Services Authority	524,747
California Workforce Development Board	76,584
State of California	31,933
Venice Community Housing Corporation	<u>11,365</u>
	\$ <u>1,872,372</u>

	<u>Foundation and Trusts</u>
Sierra Health Foundation Center for Health Program Management	\$ 334,796
California Community	275,000
Specialty Family Foundation	130,000
Weingart Foundation	125,000
Ready To Rise	103,000
Carl & Roberta Deutsch Foundation	95,000
Foroulis Private Foundation	50,000
Saint Johns Health Center Foundation	42,000
Various foundations and trusts	<u>159,895</u>
	\$ <u>1,314,691</u>

Other contributions and grants include subcontracted grants, corporation, board, community and individual contributions totaling \$1,087,442.

NOTE 7 RELATED PARTY TRANSACTIONS

SPY has transactions with related entities which were disclosed to and approved by the Board of Directors as follows:

- SPY rented a property which housed its drop-in center from Friends of Venice which a current board member and a founder each held 25% ownership. Total rent payments amounted to \$81,550 for the seven months ended June 30, 2021.
- SPY received a contribution from a current board member amounting to \$5,000 for the seven months ended June 30, 2021.

NOTE 8 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject SPY to concentration of credit risk consist of cash deposits with banks and other financial institutions that are in excess of the insured limit of \$250,000 provided by the Federal Deposit Insurance Corporation (FDIC). SPY maintains its cash and cash equivalents in bank accounts that, at times, may exceed federally insured limits. SPY has not experienced any losses in such accounts. As of June 30, 2021, SPY has cash at financial institutions that exceeded the insured limit by \$1,495,015.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Revenues from government grants and contracts

Revenues from government grants and contracts are recorded to the extent expenses under the grants and contracts are incurred. Revenues recorded under the grants and contracts are subject to government audit and adjustment. Management believes that it has complied with all applicable grant and contract provisions.

Operating Lease

SPY is leasing an office and program spaces under an operating lease agreement. Future minimum lease payments under the lease are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2022	\$ 487,140
2023	459,000
2024	422,600
2025	312,950
Thereafter	158,620
	<u>\$ 1,840,310</u>

For the seven months ended June 30, 2021, rent expense under the above operating leases amounted to \$212,227.

NOTE 10 IMPACT OF CORONAVIRUS ON THE ORGANIZATION'S OPERATIONS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies of many countries including the geographical area where SPY operates.

It is unknown how long this condition will last and what the complete financial effect will be to SPY. However, management believes that financial impact, if any, did not materially affect its June 30, 2021 financial statements.

NOTE 11 SUBSEQUENT EVENTS

SPY has evaluated events or transactions that occurred subsequent to June 30, 2021 through January 14, 2022, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined that there were no subsequent events that required disclosure or adjustment to the accompanying financial statements.



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