Financial Statements
Foundation Only
(Excludes LA's Promise Charter Schools)
June 30, 2021 and 2020

LA Promise Fund Foundation

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Governing Board
LA Promise Fund Foundation
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of LA Promise Fund Foundation (the Foundation) (a California Nonprofit Public Benefit Corporation; a component of LA Promise Fund), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, functional expenses, and cash flows for the year 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 Foundation'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 Foundation'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.

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation, as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited LA Promise Fund Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Rancho Cucamonga, California
December 9, 2021

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ 1,776,899	$ 1,675,800
Promises to give	1,095,404	799,428
Accounts receivable	-	143,111
Intra-entity receivable	805,130	937,216
Prepaid expenses	42,536	40,043
Total current assets	3,719,969	3,595,598
Non-current assets		
Intra-entity loan receivables, less current portion	125,000	175,000
Security deposits	52,941	52,941
Property and equipment, net	12,381	33,192
Total non-current assets	190,322	261,133
Total assets	$ 3,910,291	$ 3,856,731
Liabilities		
Current liabilities		
Accounts payable	$ 113,631	$ 606,106
Accrued liabilities	100,375	126,415
Accrued compensated absences	129,422	147,066
Refundable advance - Paycheck Protection Plan (PPP)	694,448	694,448
Current portion of capital lease	-	2,072
Total current liabilities	1,037,876	1,576,107
Net Assets		
Without donor restrictions	1,876,195	1,137,509
With donor restrictions	996,220	1,143,115
Total net assets	2,872,415	2,280,624
Total liabilities and net assets	$ 3,910,291	$ 3,856,731

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	$ 2,116,016	$ 1,846,220	$ 3,962,236
Federal revenue	701,305	-	701,305
Special events income	250,000	-	250,000
Other income	456,790	-	456,790
Net assets released from restrictions	1,993,115	(1,993,115)	-
Total support and revenues	5,517,226	(146,895)	5,370,331
Expenses			
Program services	4,056,149	-	4,056,149
Management and general	451,369	-	451,369
Fundraising and development	271,022	-	271,022
Total expenses	4,778,540	-	4,778,540
Change in Net Assets	738,686	(146,895)	591,791
Net Assets, Beginning of Year	1,137,509	1,143,115	2,280,624
Net Assets, End of Year	$ 1,876,195	$ 996,220	$ 2,872,415

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	$ 3,983,610	$ 698,652	$ 4,682,262
Federal revenue	706,143	-	706,143
Special events income net of $179,767 of direct costs	1,234,619	-	1,234,619
Other income	53,966	-	53,966
Net assets released from restrictions	609,019	(609,019)	-
Total support and revenues	6,587,357	89,633	6,676,990
Expenses			
Program services	6,051,641	-	6,051,641
Management and general	222,225	-	222,225
Fundraising and development	377,103	-	377,103
Total expenses	6,650,969	-	6,650,969
Change in Net Assets	(63,612)	89,633	26,021
Net Assets, Beginning of Year	1,201,121	1,053,482	2,254,603
Net Assets, End of Year	$ 1,137,509	$ 1,143,115	$ 2,280,624

	Program Services	Management and General	Fundraising and Development	Total
Salaries	$ 2,384,684	$ 197,686	$ 94,386	$ 2,676,756
Health insurance	159,520	23,595	7,124	190,239
Retirement plan	34,497	30,077	2,228	66,802
Payroll taxes	176,858	8,236	4,996	190,090
Bank charges	-	325	-	325
Office supplies	139,738	15,380	6,445	161,563
Occupancy	21,048	4,707	-	25,755
Telephone	19,171	40,720	586	60,477
Printing	7,187	83	507	7,777
Professional services	84,069	60,102	63,585	207,756
Outside services	280,103	16,734	74,459	371,296
Equipment rent and maintenance	7,713	9,464	-	17,177
Licenses	100	513	-	613
Dues and subscriptions	12,552	2,962	5,600	21,114
Development	-	52	-	52
Postage	1,448	234	64	1,746
Mileage	1,075	254	-	1,329
Conferences and meetings	13,691	148	-	13,839
Food and catering	4,911	82	-	4,993
School expenses	147	-	-	147
Interest	-	66	-	66
Insurance	87,727	19,323	5,662	112,712
Software and small equipment	39,720	9,476	35	49,231
Grants	314,266	-	-	314,266
Scholarships	82,074	-	2,078	84,152
Teacher stipends	133,606	-	-	133,606
Depreciation	18,133	2,352	1,694	22,179
Miscellaneous	32,111	8,798	1,573	42,482
Total functional expenses	$ 4,056,149	$ 451,369	$ 271,022	$ 4,778,540

	Program Services	Management and General	Fundraising and Development	Total
Salaries	$ 2,645,036	$ 69,977	$ 244,061	$ 2,959,074
Health insurance	171,924	21,092	17,114	210,130
Retirement plan	63,796	8,282	6,498	78,576
Payroll taxes	199,675	11,771	18,919	230,365
Bank charges	3	363	-	366
Office supplies	117,924	820	3,022	121,766
Occupancy	111,347	11,479	9,902	132,728
Telephone	35,320	2,795	4,071	42,186
Printing	19,583	212	1,234	21,029
Professional services	312,323	58,946	28,000	399,269
Outside services	561,373	1,620	24,734	587,727
Equipment rent and maintenance	14,994	1,184	823	17,001
Licenses	100	348	-	448
Dues and subscriptions	6,273	350	873	7,496
Development	979	25	70	1,074
Postage	5,024	271	233	5,528
Travel	6,854	104	173	7,131
Mileage	10,332	272	929	11,533
Conferences and meetings	33,524	2,147	718	36,389
Food and catering	138,606	10,100	486	149,192
School expenses	5,109	-	-	5,109
Interest	-	75	-	75
Insurance	131,157	14,938	-	146,095
Software and small equipment	7,434	1,523	12,064	21,021
Grants	1,122,801	-	757	1,123,558
Scholarships	45,830	-	-	45,830
Teacher stipends	233,094	-	-	233,094
Student/teacher transportation	25,529	-	-	25,529
Depreciation	22,114	2,869	2,066	27,049
Miscellaneous	3,583	662	356	4,601
Total functional expenses	$ 6,051,641	$ 222,225	$ 377,103	$ 6,650,969

	2021	2020
Operating Activities		
Change in net assets	$ 591,791	$ 26,021
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation expense	22,179	27,049
Changes in operating assets and liabilities		
Promises to give	(295,976)	(119,255)
Accounts receivable	143,111	(143,111)
Intra-entity receivable	132,086	(407,874)
Intra-entity loan receivable	50,000	-
Prepaid expenses and other assets	(2,493)	18,907
Accounts payable	(492,475)	(98,103)
Accrued liabilities	(26,040)	(19,053)
Accrued compensated absences	(17,644)	(27,716)
Refundable advance - PPP	-	694,448
Net Cash from (used for) Operating Activities	104,539	(48,687)
Investing Activities		
Purchases of property and equipment	(1,368)	(23,216)
Financing Activities		
Principal payments on capital leases	(2,072)	(8,101)
Net Change in Cash and Cash Equivalents	101,099	(80,004)
Cash and Cash Equivalents, Beginning of Year	1,675,800	1,755,804
Cash and Cash Equivalents, End of Year	$ 1,776,899	$ 1,675,800
Supplemental Cash Flow Disclosure		
Cash paid during the period for interest	$ 66	$ 75

Note 1 - Principal Activity and Significant Accounting Policies

Organization

LA Promise Fund (the Foundation), formerly known as LA's Promise, is a California nonprofit public benefit corporation whose mission is to prepare Los Angeles students for success in college, career and life. The Los Angeles Promise Fund is a unique hybrid, operating programs in partnership with Los Angeles Unified School District at two traditional, comprehensive high schools and a middle school, as well as operating two charter schools in South LA. Further amplifying its impact, the Foundation runs high profile, far-reaching programs and engagement opportunities available to students and teachers across Los Angeles County. This structure allows for both high touch, intensive supports on school sites, inside and outside of the traditional district system, while also serving students through high profile, innovative programs that are available to students countywide.

As of June 30, 2016, LA's Promise acquired the assets and assumed the liabilities of the Los Angeles Fund for Public Education (LA Fund) to create an organization with even more reach and depth. Together, the entity will empower students and reach beyond the borders of the original LA's Promise schools to hundreds of thousands of students throughout Los Angeles County. Effective June 30, 2016, LA's Promise is now named LA Promise Fund.

The Foundation's vision is to ensure that students growing up in poverty receive an excellent education through vibrant school community hubs that graduate all student's college and career ready, thereby radically improving the future of an entire community.

The Foundation works within SLATE-Z, a federally designated Promise Zone, that includes two large South LA traditional high schools (Manual Arts and West Adams Prep) and one middle school (John Muir) operated by the Foundation in a first-of-its-kind performance contract with LAUSD as well as manages its own public schools LA's Promise Charter Middle School #1 (LAPCMS#1) and LA's Promise Charter High School #1 (LAPCHS#1).

Over the coming years, the Foundation's goal is to adopt feeder schools to build a K-12 educational pipeline serving over 6,000 children.

On August 30, 2016, the Foundation opened its first charter school (LAPCMS#1) and LA Promise Fund has now opened its first high school (LAPCHS#1) on August 15, 2017.

Combined financial statements of the Foundation and both charter schools can be obtained from the business office.

Other Related Entity

LA's Promise Charter Schools (the Charter Schools) represent LA's Promise Charter Middle School #1 (LAPCMS#1) and LA's Promise Charter High School #1 (LAPCHS#1), which are operated by LA Promise Fund (the Foundation). The Charter Schools were approved by the Los Angeles County Office of Education (LACOE) on March 15, 2016, for a period of five years ending in June 30, 2021.

Charter school number authorized by the State: 1817

LAPCHS#1 located at 1755 West 52nd Street, Los Angeles, California, opened on August 15, 2017 and currently serves 203 students in the ninth and tenth grades. The mission of LAPCHS#1 is to provide high quality education and support services to local students and families that reside within the community of South Los Angeles.

Charter school number authorized by the State: 1818

LAPCMS#1 located at 4920 South Western Avenue, Los Angeles, California, opened on August 30, 2016 and currently serves 168 students in the sixth through eighth grades. The mission of LAPCMS#1 is to prepare South Los Angeles students for college, career and life. LAPCMS#1 collaborates with community partners to ensure students growing up in poverty receive an excellent education. LAPCMS#1 provides essential hands-on digital learning tools, which simultaneously build core standards mastery and fundamental computer skills (e.g. typing, online research). The aim of this blended learning education strategy is to provide the necessary technological foundation to prepare students for the 21st Century workplace.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the Unified States of America (GAAP). Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ending June 30, 2021, from which summarized information was derived.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2021, the Foundation evaluated the collectability of promises to give and no allowance for uncollectible pledges was considered necessary.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Foundation deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2021 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intra-Entity Receivables

Intercompany receivables result from a net cumulative difference between resources provided by the Foundation account to each charter school and reimbursement for those resources from each charter school to the Foundation account.

Property and Equipment

Property and equipment additions over $5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Foundation 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. There were no indicators of asset impairment during the year ended June 30, 2021.

Revenue and Revenue Recognition

Operating funds for the Foundation are derived principally from federal and local sources. Contributions are recognized when cash or notification of an entitlement is received.

A portion of the Foundation's revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Foundation would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Foundation was granted a $1,240,087 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. The Foundation initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Foundation maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2021. The Foundation will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon notification that the loan will not be forgiven or partially forgiven. The terms of the loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The loan may be accelerated upon the occurrence of an event of default. The Foundation distributed a portion of the loan in the amount of $322,423 and $223,216 to LAPCMS#1 and LAPCHS#1, respectively. At June 30, 2021, the refundable advance related to PPP consists of $694,448 in loan.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities such as management and general activities and fundraising and development activities. The costs of program and supporting services 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 programs and supporting services benefited based on management's estimates. The expenses that are allocated include occupancy which are allocated on managements estimates, as well as salaries and wages, benefits, payroll taxes, professional services, food and catering, software and small equipment, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Foundation is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Accordingly, actual results could differ from those estimates.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Foundation's mission.

Recent Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases. The ASU is effective for the Foundation for the year ended June 30, 2023. Management is evaluating the impact of the adoption of this standard.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets*, which requires a nonprofit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The ASU is effective for the Foundation for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

As of July 1, 2020, the Foundation adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. Management has determined that the adoption of this standard did not have a significant impact on the Foundation's financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Foundation has adopted this ASU as of July 1, 2020. Management has determined that the adoption of this standard did not have a significant impact on the Foundation's financial statement disclosures.

Note 2 - Liquidity and Availability

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

	2021	2020
Cash and cash equivalents	$ 1,776,899	$ 1,675,800
Promises to give and other assets	1,137,940	839,471
Intra-entity receivables	805,130	937,216
Financial assets at year end	3,719,969	3,452,487
Less those available for general expenditure within one year due to donor-imposed restrictions:		
Restrictions by donor with purpose restriction	(5,000)	(73,631)
Restrictions by donor with time restriction	-	(200,000)
	(5,000)	(273,631)
Financial assets available to meet cash needs for general expenditure within one year	$ 3,714,969	$ 3,178,856

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments.

Note 3 - Fair Value Measurements and Disclosures

The Foundation has determined the fair value of certain assets in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets that can be accessed at the reporting date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset and market corroborated inputs. Level 3 inputs are unobservable inputs related to the asset. In these situations, inputs are developed using the best information in the circumstances.

In some cases, the inputs used to measure the fair value of an asset 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 an entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of investments are classified within Level 1 because they are comprised of mutual funds with readily determinable fair values based on daily redemption values. Certain certificates of deposit are considered invested and traded in the financial markets. Those certificates of deposit, fixed income securities and other securities are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

Net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used to estimate the fair values of certain hedge funds, private equity funds, fund of funds, and limited partnerships which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy but are included in the table below to permit reconciliation to the accompanying statement of financial position.

The following table presents assets and liabilities measured at fair value on a recurring basis, as follows at June 30, 2021 and 2020:

	2021	2020
	Other Observable Inputs (Level 2)	Other Observable Inputs (Level 2)
Investments		
Certificates of deposit	$ 5,240	$ 5,227

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2021 and 2020:

	2021	2020
Within one year	$ 1,095,404	$ 799,428

At June 30, 2021 and 2020, two donors accounted for 82% and 59% of total promises to give, respectively. Two contributors accounted for approximately 23% and 28% of total contribution revenue for the years ended June 30, 2021 and 2020, respectively.

Note 5 - Property and Equipment

Property and equipment consist of the following at June 30, 2021 and 2020:

	2021	2020
Computer and equipment	$ 316,175	$ 314,807
Less accumulated depreciation	(303,794)	(281,615)
Total	$ 12,381	$ 33,192

Note 6 - Capital Leases

The Foundation entered into an agreement with Ricoh USA, Inc. to lease a copier. The lease expires in 2021. Such agreement is, in substance, purchases (capital lease) and is reported as a capital lease obligation with an implicit interest rate of 3.5%. As of June 30, 2021, capital lease obligation has been paid in full.

Note 7 - Net Assets

Net assets consist of the following at June 30, 2021 and 2020:

	2021	2020
Net Assets Without Donor Restrictions		
Undesignated	$ 1,876,195	$ 1,137,509
Net Assets with Donor Restrictions		
Subject to expenditure for specified purpose		
Emergency Food and Shelter Program	$ 5,000	$ -
SLATE-Z college access program	-	73,630
Total subject to expenditure for specified purpose	5,000	73,630
Subject to passage of time		
Promise to give that are not restricted by donors, but which are unavailable for expenditure until due	991,220	1,069,485
Total nets assets with donor restrictions	$ 996,220	$ 1,143,115

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors for the years ended June 30, 2021.

	2021	2020
Expiration of Time Restrictions	$ 1,914,485	$ 312,500
Satisfaction of Purpose Restrictions		
Health and wellness program	-	2,000
Emergency Food and Shelter Program	5,000	-
SLATE-Z college access program	73,630	294,519
Total nets assets released from donor restrictions	$ 1,993,115	$ 609,019

Note 8 - Employee Retirement Systems

The Foundation has a defined contribution plan (the Plan) currently covering all the Foundation's employees. The Foundation makes a matching contribution equal to participants' contributions to the Plan of a match rate of 100% for the first 3% and 50% on the next 2% of participant's salary contributed. Total expense for the year ended June 30, 2021, was $66,802.

Note 9 - Contingencies, Risks, and Uncertainties

The Foundation has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

The Foundation has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Foundation is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Foundation's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Note 10 - Subsequent Events

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through December 9, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization recognized contribution revenue related to the Paycheck Protection Program (PPP) loan in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized $694,448 in contributions revenue.