PROMISES2KIDS FOUNDATION
A NONPROFIT ORGANIZATION
FINANCIAL STATEMENTS
JUNE 30, 2021

PROMISES2KIDS FOUNDATION
A NONPROFIT ORGANIZATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Promises2Kids Foundation

We have audited the accompanying financial statements of Promises2Kids Foundation, a nonprofit organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, 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 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 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 financial position of Promises2Kids Foundation, as of June 30, 2021, and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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An accountancy corporation

January 27, 2022

ASSETS	
CURRENT ASSETS	
Cash	$ 2,922,025
Receivables (note 3)	137,838
Prepaid expenses	189,663
	3,249,526
PROPERTY AND EQUIPMENT (note 4)	348,726
OTHER ASSETS	
Investments (note 5)	12,447,760
Rental property (note 4)	406,546
TOTAL ASSETS	16,452,558
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	157,735
Accrued expenses	195,763
Deferred revenue (note 12)	232,700
	586,198
LONG TERM LIABILITIES	
Note payable (note 13)	400,538
TOTAL LIABILITIES	986,736
NET ASSETS (note 7)	
Without donor restrictions	11,261,915
With donor restrictions	4,203,907
	15,465,822
TOTAL LIABILITIES AND NET ASSETS	$ 16,452,558

PROMISES2KIDS FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE			
Contributions	$ 3,803,352	$ 2,276,270	$ 6,079,622
In-kind donations	559,125	333,070	892,195
Grants	185,000	479,578	664,578
Investment income, net	1,850,200	170,257	2,020,457
Other income (note 13)	363,407	-	363,407
	6,761,084	3,259,175	10,020,259
Special events, net			
Special events revenue	86,899	-	86,899
	86,899	-	86,899
Net assets released from restriction	2,705,899	(2,705,899)	-
Total revenue and support	9,553,882	553,276	10,107,158
EXPENSES			
Program services			
Children and young adult programs	4,242,564	-	4,242,564
In-kind children and young adult programs	321,120	-	321,120
Total program services	4,563,684	-	4,563,684
Management and general	146,014	-	146,014
Development	991,420	-	991,420
	5,701,118	-	5,701,118
CHANGE IN NET ASSETS	3,852,764	553,276	4,406,040
NET ASSETS, BEGINNING	7,409,151	3,650,631	11,059,782
NET ASSETS, ENDING	$ 11,261,915	$ 4,203,907	$ 15,465,822

PROMISES2KIDS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	DEVELOPMENT	TOTAL
EXPENSES				
Salaries and benefits expense	$ 1,747,993	$ 97,410	$ 627,754	$ 2,473,157
Youth support, stipends and recognition	1,108,579	-	-	1,108,579
Scholarships	608,064	-	-	608,064
In-kind children's program	321,120	-	-	321,120
Outside services	126,044	13,236	88,071	227,351
Children's program services	167,813	-	-	167,813
Occupancy	105,120	10,080	28,800	144,000
Marketing and public relations	38,740	3,680	24,430	66,850
Dues and subscriptions	41,228	1,781	22,115	65,124
Special event meals and entertainment	7,941	303	31,185	39,429
Volunteer and donor recognition	28,780	998	12,007	41,785
Bank fees	-	1,874	38,703	40,577
Printing and production	13,702	1,299	25,310	40,311
Youth and volunteer training and education	38,154	-	-	38,154
Bad debt	-	-	31,473	31,473
Telephone and internet	22,101	1,603	5,733	29,437
Insurance	17,908	1,717	4,907	24,532
Mileage and travel	22,199	190	1,517	23,906
Youth activities	23,804	-	-	23,804
Postage and mailing	13,871	427	6,142	20,440
Supplies	5,974	473	9,810	16,257
Professional services	11,724	1,124	3,212	16,060
Staff and board development	9,911	880	2,881	13,672
Rental equipment	8,451	2,618	1,594	12,663
Graphic art and design	3,497	335	7,573	11,405
Children's program materials	7,940	-	-	7,940
Tax and license	919	88	1,351	2,358
Repairs and maintenance	70	-	-	70
TOTAL EXPENSES BEFORE DEPRECIATION	4,501,647	140,116	974,568	5,616,331
Depreciation	62,037	5,898	16,852	84,787
TOTAL EXPENSES	$ 4,563,684	$ 146,014	$ 991,420	$ 5,701,118

PROMISES2KIDS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	
Increase in net assets	$ 4,406,040
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Depreciation	84,787
Donated property	(415,000)
Bad debt expense	31,473
Income from loan forgiveness	(342,300)
Net realized and unrealized gains on investments	(1,871,307)
Change in operating assets and liabilities:	
Receivables	(41,852)
Prepaid expenses	16,498
Accounts payable	117,940
Accrued expenses	11,581
Deferred revenue	146,990
	198,197
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,604,237
CASH FLOWS USED BY INVESTING ACTIVITIES	
Purchase of investments	(4,688,817)
Proceeds from sales of investments	1,534,572
Purchase of property and equipment	(125,016)
	(3,279,261)
CASH FLOWS FROM BY FINANCING ACTIVITIES	
Proceeds from note payable	400,538
	400,538
NET INCREASE IN CASH	1,725,514
CASH, BEGINNING OF YEAR	1,196,511
CASH, END OF YEAR	$ 2,922,025

NOTE 1 THE FOUNDATION

Promises2Kids Foundation, (the "Foundation") is a California Nonprofit Corporation formed in 1981 for public and charitable purposes. The mission of the Foundation is to create a brighter future for foster children.

The following is a brief description of the Foundation's programs:

A.B. and Jessie Polinsky Children's Center - Previously the Foundation raised $12 million to build the A.B. and Jessie Polinsky Children's Center (the "Polinsky Center"), San Diego County's emergency shelter for abused and neglected children. In October 1994, the Foundation deeded the facility to the County. The Polinsky Center offers a full range of assessment and care programs to more than 1,000 children every year. The Foundation continues to support the Polinsky Center by raising funds for the urgent and long-term needs of the young residents during their stay. The following are just a few examples of the programs and projects at the Polinsky Center supported by the Foundation during the year ended June 30, 2021:

- KidSTART
- Youth2Youth Advocates Program
- Pet Therapy Program
- Health, Recreation, and Wellness Program

Guardian Scholars - Guardian Scholars is a scholarship and support program that was established to assist current and former foster youth to further their education or prepare for a career and become successful, independent adults. The program is much more than just financial aid - it is an investment in the future of each individual recipient. Guardian Scholars provides multifaceted support through mentoring, career and vocational training, tutoring, college planning, financial aid, college application workshops, and case management.

Camp Connect - The Foundation provides siblings in foster care, who are placed in separate homes, the opportunity to reconnect through a four-day summer camp, as well as recreational and educational day camp activities throughout the year. Camp Connect allows brothers and sisters to maintain critical relationships and gain support from each other during this difficult time. This program is a partnership with Health & Human Services Agency of San Diego County.

Foster Funds - The Foundation understands that foster children often feel alone and isolated. They may go without simple pleasures of childhood such as birthday gifts, cap and gown for graduation, a sports uniform or a musical instrument. We ensure foster children know that they too are heard, special and deserving. The Foundation has special funds set up to support these needs not met through typical funding, which include Something Special Fund, Birthday Club, and Community Drives.

COVID-19 Emergency Support - As a result of COVID-19, we provide emergency financial assistance to ensure our most vulnerable youth are supported. This includes food cards, cash assistance and other support. We anticipate this support to reduce as the impact of the virus diminishes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The accompanying financial statements are prepared using the accrual method of accounting in conformity with generally accepted accounting principles (GAAP).

Estimates - The preparation of financial statements in conformity with GAAP require the Foundation to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates.

Financial statement presentation - The Foundation follows the Financial Accounting Standards Board's (FASB) Financial Statements of Not-for-Profit Organizations for presentation of its financial statements which require that net assets, support, revenue and gains, expenses and losses be classified as with donor restrictions and without donor restrictions.

Net assets without donor restrictions - Net assets without donor restrictions consists of assets which are fully available, at the discretion of management and the Board of Directors, for the Foundation to utilize in any of its programs or supporting services. Net assets without donor restrictions may also include amounts designated for certain purposes by the Board of Directors.

Net assets with donor restrictions - Net assets with donor restrictions consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds. Net assets with donor restrictions also includes contributed funds to be held in perpetuity.

The FASB has issued reporting standards for endowments of not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor restricted endowment funds. The standards also require additional disclosures about endowments (both donor restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

Risks and uncertainties - The Foundation invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

Functional allocation of expenses - There are certain categories of expenses that are attributable to more than one program or supporting function and require allocation on a reasonable basis. Personnel expenses are allocated on the basis of estimated time spent. Certain marketing expenses are allocated based on estimated usage. Other overhead expenses including facilities, office and administrative, depreciation, and insurance are allocated based on overall usage.

Cash - The Foundation considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Foundation maintains its cash in bank and brokerage accounts with national financial institutions of high credit ratings. The balances in these accounts at times may exceed federally insured deposit limits. As of June 30, 2021, the accounts had amounts in excess of deposit limits of approximately $2,550,000. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant risk on its cash.

Property and equipment - Property and equipment are recorded at cost. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives of three to 27.5 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. It is the Foundation's policy to capitalize all property and equipment costs in excess of $500. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is recognized in the current period financial statements.

Fair value measurement - The Foundation follows accounting standards consistent with the FASB codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial statement elements.

Receivables - Receivables consist of donor special event receivables, pledged receivables, and advances to employees. It is the Foundation’s policy to charge off uncollectible receivables when management determines the amounts will not be collected. All receivables are considered collectible as of June 30, 2021.

Revenue recognition - The financial statements of the Foundation are presented on the accrual method of accounting. Under this method of accounting, revenues are recognized when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Foundation follows the Accounting Standards Update No. 2014-09, 2016-08, 2016-10, 2016-12 and 2016-20, collectively implemented as FASB Accounting Standards Codification (“ASC”) Topic 606 (“ASC 606”) Revenue from Contracts with Customers, provides guidance for revenue recognition. This ASC’s core principle requires a Foundation to recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the Foundation expects to be entitled in exchange for those goods or services. The standard also clarifies the principal versus agent considerations, providing the evaluation must focus on whether the entity has control of the goods or services before they are transferred to the customer. The new standard permits the use of either the modified retrospective or full retrospective transition method.

Donor-imposed restrictions - All contributions are considered to be unrestricted unless specifically restricted by donor. Amounts received designated for future periods or restricted by the donor for specific purpose are reported as with donor restrictions, increasing that net assets class. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as with donor restrictions and then released from restriction in the same period.

The Foundation follows the FASB-issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made which provides clarification regarding the accounting for contracts and agreements as exchange transactions or contributions and provides improved guidance to better distinguish between conditional and unconditional contributions.

In-kind donations - The Foundation follows standards relating to contributions received and contributions made as consistent with the FASB Codification. These standards require recording the value of donated services that create or enhance non-financial assets or require specialized skills. Volunteers have contributed significant amounts of their time to activities of the Foundation; however, since the above requirements were not met, the values of the contributed services were not recorded in the financial statements.

The Foundation records donated goods at fair value. The fair value of donated goods is measured on a nonrecurring basis using quoted prices for similar financial statement elements in inactive markets (Level 2 inputs). If donors stipulate the length of an asset's use, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of donated goods are recorded as support without restriction.

Marketing - Marketing expenses are charged to expense as incurred.

Income taxes - The Foundation is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

The Foundation follows accounting standards which provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken in its exempt Foundation tax returns are more likely than not to be sustained upon examination. As of June 30, 2021, the Foundation has no accrued interest or penalties related to uncertain tax positions. The Foundation files tax returns in the U.S. Federal jurisdiction and the State of California.

Recent accounting pronouncements

As of July 1, 2020, the Organization adopted ASU 2016-01 “Recognition and Measurement of Financial Assets and Financial Liabilities”. This ASU amends certain aspects of current guidance on the recognition, measurement and disclosure of financial instruments. Among other changes, this ASU requires most equity investments to be measured at fair value. Additionally, this ASU eliminates the requirement to disclose the method and significant assumptions used to estimate the fair value for instruments not recognized at fair value in the Organization's financial statements. The adoption of this standard had no material impact on the Organization's financial statements and related disclosures.

In February 2016, FASB issued ASU 2016-02 Leases (Topic 842). In July 2018, FASB issued two updates to ASU 2016-02, ASU 2018-10, Codification Improvements to Topic 842 Leases, and ASU 2018-11, Leases (Topic 812): Targeted Improvements. The new standard is effective for fiscal years beginning after December 15, 2021. ASU 2016-02 requires recognition of operating leases with lease terms of more than twelve months on the statement of financial position as both assets and liabilities for the obligations created by the leases. Topic 842 also requires disclosures that provide qualitative and quantitative information for the lease assets and liabilities recorded in the financial statements. The Foundation is still assessing the impact this standard will have on its financial statements.

NOTE 3 RECEIVABLES

Receivables consist of the following at June 30, 2021:

Pledges receivable	$ 70,125
Grants receivable	66,922
Other receivable	791
	$ 137,838

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

Office equipment	$ 267,998
Leasehold improvements	240,171
Software and other	226,755
Automobile	38,644
	773,568
Accumulated depreciation	(424,842)
	$ 348,726

Rental property summarized as follows:

Rental property	$ 415,000
Accumulated depreciation	(8,454)
	$ 406,546

Depreciation expense was $84,787 for the year ended June 30, 2021.

NOTE 5 INVESTMENTS

Investments at fair market value as of June 30, 2021 total $12,447,760.

The following schedule summarizes the Foundation's return on long-term investments and its classification in the statement of activities and changes in net assets for the year ended June 30, 2021:

	Without donor restrictions	With donor restrictions	Total
Interest and dividends	$ 176,863	$ 15,450	$ 192,313
Realized and unrealized gain, net	1,712,732	158,576	1,871,308
Management fees	(39,395)	(3,769)	(43,164)
Total investment income	$ 1,850,200	$ 170,257	$ 2,020,457

NOTE 6 FAIR VALUE MEASUREMENT

The Foundation follows the method of fair value to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The investments in mutual and index funds are valued at market prices in active markets and have readily determinable fair values. These assets are classified as level 1.

The following table summarizes assets measured at fair value by classification within the fair value hierarchy as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Mutual and index funds	$ 12,447,760	$ -	$ -	$ 12,447,760

NOTE 7 NET ASSETS

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

Without donor restrictions:	
Board designated - operations and general reserves	$ 796,921
Unrestricted and undesignated	10,464,994
	11,261,915
With donor restrictions:	
Subject to expenditure for specific purpose	
Hattie Brookes endowment	2,400,470
Polinsky Children's Center endowment	389,715
Camp Connect	302,221
Housing	300,000
Guardian Scholars	67,022
Foster funds	59,596
Automobile	32,998
Education summit	23,000
Volunteers	21,237
Software implementation	16,650
Junior League endowment	16,145
KidSTART	14,167
Diversity inclusion	12,000
Pet therapy	9,412
Career	519
	3,665,152
Held in perpetuity	
Polinsky Children's Center endowment	381,410
General endowment	87,345
Junior League scholarship endowment	70,000
	538,755
	4,203,907
	$ 15,465,822

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restriction specified by donors as follows:

Guardian Scholars	$ 1,295,199
General programs	474,337
Holiday gifts	303,325
Back to school days	257,227
Polinsky Children's Center	181,069
Camp Connect	86,346
COVID19	72,659
Something Special	28,845
Other	3,940
Kumon tutoring	1,458
Birthday club	1,023
Junior guardian scholars	471
	$ 2,705,899

The Foundation's endowment consists of four individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

NOTE 8 ENDOWMENTS

The Board of Directors of the Foundation has interpreted the enacted version of the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (to be held in perpetuity) (1) the original value of gifts donated to the permanent endowment (2) investment income or increases in fair value if required to be restricted by the donors. Donor-restricted endowment net assets of $538,755 are held in perpetuity at June 30, 2021. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. Endowment funds without donor restrictions are classified as net assets without donor restrictions, available to be appropriated for expenditure by the Foundation. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation

- The investment policies of the Foundation

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021.
The Foundation has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a level commensurate with that of the median fund in comparable Foundations
- Comply with applicable laws

The Foundation's endowment funds are invested in debt and other securities that are structured to satisfy its long-term rate-of-return objectives. The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation's spending policy is to disburse funds available to meet the current program needs of the Foundation.

Endowment composition by type of fund at June 30, 2021:

	Without donor restrictions	With donor restrictions	Total
Hattie Brooks	$ 1,988,675	$ 2,400,470	$ 4,389,145
Polinsky Children's Center	-	771,125	771,125
General	81,515	87,345	168,860
Junior League scholarship	-	86,145	86,145
Total endowment funds	$ 2,070,190	$ 3,345,085	$ 5,415,275

Changes in endowment net assets as of June 30, 2021 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 1,153,269	$ 3,179,828	$ 4,333,097
Investment income	67,381	11,681	79,062
Amounts appropriated for expenditure	-	(5,000)	(5,000)
Net appreciation	849,540	158,576	1,008,116
Endowment net assets, end of year	$ 2,070,190	$ 3,345,085	$ 5,415,275

Included in the with donor restrictions amounts above are $538,755 to be held in perpetuity.

NOTE 9 IN-KIND DONATIONS

The Foundation received donated office space and contributions of goods for program services, supplies, equipment and special event items. Included in special events revenue on the statement of activities and changes in net assets is approximately $7,000 of in-kind auction items. These in-kind items have been recorded at fair value as in-kind contributions in the statement of activities and changes in net assets.

The in-kind donations consist of the following for the year ended June 30, 2021:

Rental Property	$ 415,000
Children's programs	333,195
Occupancy	144,000
	$ 892,195

NOTE 10 PROGRAM SERVICES

Children’s programs - Children’s programs consist of funds provided to the following agencies or programs for the year ended June 30, 2021:

General programs	$ 1,476,136
Guardian Scholars	1,415,946
Community events and partnerships	564,666
Polinsky Children's Center	280,519
Covid emergency fund	198,629
Something Special	122,738
Volunteers	93,603
Camp Connect	86,346
Ed Summit	1,500
Tutoring	1,458
Birthday club	1,023
	$ 4,242,564

In-kind children’s programs - In-kind children’s programs, the value of which is determined by estimating the fair value of the gift, consist of in-kind contributions given to the following agencies or programs for the year ended June 30, 2021:

Community partnerships	$ 283,660
General programs	22,759
Polinsky Children's Center	14,701
	$ 321,120

NOTE 11 COMMITMENTS

The Foundation maintains a memorandum of agreement with County of San Diego that states that the Foundation shall use its best efforts to provide the Polinsky Center monetary and in-kind support for programs that contribute to the well-being, health, recreation, and happiness of its residents in the annual amount of $175,000. For the year ended June 30, 2021, the Foundation had met its requirement and was in compliance.

NOTE 12 DEFERRED REVENUE

The Foundation received $231,000 of conditional funding for special events. An additional $1,700 of deferred revenue is for rent from the rental property. The funds are expected to be recognized in fiscal year 2022.

NOTE 13 NOTE PAYABLE

In response to the COVID-19 pandemic, the Paycheck Protection Program (PPP) was established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the Small Business Administration (SBA). Organizations who met the eligibility requirements set forth by the PPP could qualify for the PPP loans. If the loan proceeds are fully utilized to pay for qualified expenses, the full principal amount of the PPP loan, along with any accrued interest, may qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the companies.

In April 2020, the Foundation received a loan totaling $342,300 under the PPP – first draw. In March 2021, the Foundation received a loan totaling $400,538 under the PPP – second draw. The PPP loans bear interest at 1.00%, with principal and interest payments deferred for the first six months of the loan. Principal and interest are payable monthly commencing six months after the disbursement date and may be prepaid by the Foundation at any time prior to maturity with no prepayment penalties, if the loans are not forgiven under the terms of the PPP.

In November 2020, the Foundation received forgiveness for the PPP first draw. The Foundation has accounted the revenue as other income. As GAAP does not contain guidance on the accounting for PPP grants, the Foundation is following the guidance in International Accounting Standards, or IAS. Under provisions of IAS 20, “a forgivable loan from the government is treated as a government grant and is recognized as income. The PPP first draw revenue has been included in other income on the statement of activities and changes in net assets for the year ended June 30, 2021. The PPP loan amount for the second draw had not been forgiven as of the year end and is reflected on the statement of financial position as of June 30, 2021.

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation is substantially supported by contributions without restrictions, but does also receive contributions with restrictions based on specific program use. The Foundation's management and board monitor contributions, expenses and assets on a monthly basis. The Foundation's goal is to function within the boundaries of the annual budget established by management and approved by the board every year. Typically, the budget is set to operate at a break-even every year. However, there are times when management recommends and the board approves investment to grow the Foundation and the Foundation will utilize some of its reserves to fund operations during the year.

As part of the Foundation's liquidity management, it has structured its financial assets to be available as its general expenditures and liabilities come due. Its investments are invested in mutual and index funds and can be liquidated at the end of every trading day. The Foundation manages its liquidity following these guiding principles: operating within a prudent range of financial stewardship and stability, maintain adequate liquid assets to fund near term operating needs, and invest other funds to maintain long term stability for the Foundation. There are enough liquid resources to fund nearly 16 months of normal operations with no additional income.

The following reflects the Foundation's financial assets as of June 30, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at June 30, 2021	
Cash	$ 2,922,025
Receivables	137,838
Investments	12,447,760
	15,507,623
Less:	
Assets unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by purpose restrictions	(3,665,152)
Held in perpetuity	(538,755)
Board designated - operations and general reserves	(796,921)
Total amounts not available to be used within one year	(5,000,828)
Financial assets available to meet cash needs for general expenditures within one year	$ 10,506,795

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through January 27, 2022, the date which the financial statements were available to be issued.

On October 28, 2021, the Foundation received forgiveness on the second draw of the PPP loan.

As a result of the spread of COVID-19 Coronavirus and the resulting orders issued by the State of California, the state in which the Foundation operates, the Foundation is planning for reduced revenues. The duration of the concern of reduction in revenues may be only temporary. However, the related financial impact and duration cannot be reasonably estimated at this time.