BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC. dba BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND BIG BROTHERS BIG SISTERS OF THE INLAND EMPIRE

Consolidated Financial Statements

For the Year Ended June 30, 2021

with

Independent Auditors' Report

ALMICH & ASSOCIATES
Certified Public Accounting and Business Services

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Big Brothers Big Sisters of Orange County and the Inland Empire, Inc.:

We have audited the accompanying consolidated financial statements of Big Brothers Big Sisters of Orange County and the Inland Empire, Inc. dba Big Brothers Big Sisters of Orange County and Big Brothers Big Sisters of the Inland Empire (a California nonprofit public benefit corporation), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Big Brothers Big Sisters of Orange County and the Inland Empire, Inc. dba Big Brothers Big Sisters of Orange County and the Inland Empire as of June 30, 2021, and the consolidated 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.

Almich & Associates

Lake Forest, California
October 4, 2021

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC. dba BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND BIG BROTHERS BIG SISTERS OF THE INLAND EMPIRE

Consolidated Statement of Financial Position

June 30, 2021

Assets

Current assets:	
Cash and cash equivalents	$ 1,371,783
Gifts and grants receivable	838,242
Interest receivable on note receivable	24,092
Prepaid expenses and other	87,475
Total current assets	2,321,592
Restricted cash	45,630
Investments	15,412,945
Deferred rent receivable	36,270
Prepaid expenses and other, net of current portion	85,025
Property and equipment, net of accumulated depreciation and amortization of $2,114,618	7,911,432
Note receivable	6,983,300
Total assets	$ 32,796,194

Liabilities and Net Assets

Current liabilities:	
Accounts payable	$ 95,659
Accrued liabilities	411,794
Deferred contribution revenue	100,090
Current portion of loans payable	197,953
Total current liabilities	805,496
Loans payable, net of current portion and unamortized debt issuance costs	13,489,221
Total liabilities	14,294,717
Net assets:	
Without donor restrictions	18,330,131
With donor restrictions	171,346
Total net assets	18,501,477
Total liabilities and net assets	$ 32,796,194

See notes to consolidated financial statements

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC. dba BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND BIG BROTHERS BIG SISTERS OF THE INLAND EMPIRE

Consolidated Statement of Activities

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Gifts and grants - foundations and governmental agencies	$ 1,338,017	$ 178,957	$ 1,516,974
Gifts and grants - corporations and individuals	3,041,487	-	3,041,487
Special events revenue, net of costs of direct benefits to donors of $468,670	1,642,142	-	1,642,142
Donated services	37,500	-	37,500
Total revenues, gains and other support	6,059,146	178,957	6,238,103
Net assets released from restrictions	408,702	(408,702)	-
	6,467,848	(229,745)	6,238,103
Expenses:			
Program	4,800,431	-	4,800,431
General and administrative	426,185	-	426,185
Fund-raising	648,912	-	648,912
Total expenses	5,875,528	-	5,875,528
Other income (expense):			
Unrealized gain on investments	3,152,620	-	3,152,620
CARES Act loan forgiveness	981,380	-	981,380
Rental income	503,124	-	503,124
Interest income	99,698	-	99,698
Interest expense	(308,151)	-	(308,151)
Expenses related to management of property subleased to third parties	(709,346)	-	(709,346)
Total other income (expense)	3,719,325	-	3,719,325
Change in net assets	4,311,645	(229,745)	4,081,900
Net assets, beginning of year	14,018,486	401,091	14,419,577
Net assets, end of year	$ 18,330,131	$ 171,346	$ 18,501,477

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC. dba BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND BIG BROTHERS BIG SISTERS OF THE INLAND EMPIRE

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2021

Cash flows from operating activities:	
Change in net assets	$ 4,081,900
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	317,162
CARES Act loan forgiveness	(981,380)
Unrealized gain on investments	(3,152,620)
Amortization of debt issuance costs	67,102
Changes in assets and liabilities:	
Gifts and grants receivable	(585,564)
Prepaid expenses and other	71,422
Deferred rent receivable	(6,537)
Accounts payable	56,126
Accrued liabilities	(51,241)
Deferred contribution revenue	(140,710)
Net cash used by operating activities	(324,340)
Cash flows from investing activities:	
Purchases of property and equipment	(135,519)
Net cash used by investing activities	(135,519)
Cash flows from financing activities:	
Repayments of loans payable	(136,353)
Net cash used by financing activities	(136,353)
Decrease in cash, cash equivalents and restricted cash	(596,212)
Cash, cash equivalents and restricted cash, beginning of year	2,013,625
Cash, cash equivalents and restricted cash, end of year	$ 1,417,413
Supplemental cash flows information:	
Cash paid for interest	$ 241,049

See notes to consolidated financial statements

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC. dba BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND BIG BROTHERS BIG SISTERS OF THE INLAND EMPIRE

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program	General and Administrative	Fund-raising	Total
Salaries and related	$ 3,885,788	$ 358,168	$ 557,967	$ 4,801,923
Professional services	373	24,123	2,982	27,478
Insurance	57,874	4,349	7,160	69,383
Donated services	18,750	18,750	-	37,500
Public relations	17,739	-	4,435	22,174
Program activities	387,283	-	-	387,283
Dues and publications	46,409	193	5,222	51,824
Office	36,780	2,058	3,743	42,581
Utilities and telephone	54,333	3,510	6,066	63,909
Information technology support	89,387	6,374	10,667	106,428
Miscellaneous	15,861	977	5,127	21,965
Rent	125,009	2,068	7,080	134,157
Fund development	3,320	-	29,716	33,036
	4,738,906	420,570	640,165	5,799,641
Depreciation and amortization	61,525	5,615	8,747	75,887
	$ 4,800,431	$ 426,185	$ 648,912	5,875,528
Costs of direct benefits to donors at special events				468,670
				$ 6,344,198

See notes to consolidated financial statements

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Organization

Big Brothers Big Sisters of Orange County and the Inland Empire, Inc. dba Big Brothers Big Sisters of Orange County and Big Brothers Big Sisters of the Inland Empire (BBBSOCIE) is a California nonprofit public benefit corporation which was originally incorporated in 1958 as Big Brothers of Orange County. The purpose of BBBSOCIE is to provide one-to-one mentors for children in great need to strengthen self-esteem, improve academic success and pursue a purposeful future. The operation of BBBSOCIE is primarily dependent upon contributions, grants and fundraising events.

To facilitate the acquisition of the new operating facility of BBBSOCIE as described in Note 2, BBBSOCIE formed a new California nonprofit public benefit corporation, BBBSOC QALICB, Inc. (QALICB), in which BBBSOCIE is the sole member.

BBBSOCIE has an auxiliary, Angelitos de Oro (ADO), which performs fund-raising activities on its behalf.

The accompanying consolidated financial statements include the accounts of BBBSOCIE, ADO, and QALICB (collectively, the Organization). All intercompany amounts and transactions have been eliminated in consolidation.

Risks and Uncertainties

The Organization is subject to risks and uncertainties as a result of the recent novel coronavirus (COVID-19). While management continues to monitor the situation and its financial impact on the Organization, the extent to which the COVID-19 pandemic ultimately affects the Organization's financial position, cash flows and results of operations currently remains uncertain.

Basis of Presentation

The Organization reports amounts in the accompanying consolidated financial statements classified for accounting and reporting purposes into net asset categories according to externally donor-imposed restrictions. A description of the net asset categories is as follows:

Net assets without donor restrictions – net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions – net assets subject to donor-imposed stipulations.

The Organization reports donations of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. In the case of support with donor restrictions, when a donor 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 consolidated statement of changes in net assets as net assets released from restrictions. It is the Organization's policy to classify as without donor restrictions support with donor restrictions whose stipulations are fully satisfied within the fiscal year received.

As of June 30, 2021, $37,033 of the Organization's net assets with donor restrictions are to be used to service the loans payable associated with the purchase of the Organization's new operating facility and $134,313 are to be used for specific programs of the Organization.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents. Cash equivalents are held in deposit accounts.

Restricted Cash

The Organization has a loan payable that requires a reserve account be held at a bank. The account may only be drawn upon to pay reimbursements to the lender for audit, tax, and asset management expenses, in accordance with the loan agreement. As of June 30, 2021, this reserve account amounted to $45,630.

Property and Equipment

Purchased property and equipment are recorded at cost and donated assets are recorded at estimated fair value at date of donation. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years for furniture and equipment, and range from 10 to 30 years for the building and improvements. When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, with any resulting gain or loss being reflected in operations for the period. Maintenance, repairs, and minor renewals and betterments are expensed as incurred.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When such factors indicate that assets should be evaluated for possible impairment, management would prepare an analysis comparing the carrying value of the assets to future undiscounted cash flows of the underlying assets. The net book value of the underlying assets is adjusted to fair value if the sum of the expected undiscounted future cash flows is less than book value. To date, management has not identified any such factors pertaining to the Organization's long-lived assets.

Debt Issuance Costs

Debt issuance costs represent costs associated with the Organization obtaining its loans payable to a bank. Such costs are being amortized to interest expense over the life of the loans payable. Amortization expense for the year ended June 30, 2021, was $67,102. Debt issuance costs are reported in the consolidated statement of financial position as a direct deduction from the face amount of the related loans payable.

Deferred Contribution Revenue

Deferred contribution revenue represents contributions received from donors to underwrite program and fundraising event costs to be held during the year ending June 30, 2022. The balance will be recognized as contribution revenue upon completion of the event.

Gifts and Contributions

Unrestricted gifts and other revenue are classified as unrestricted. Unconditional promises to give cash and other assets are recognized in the period the promise is made. Conditional promises are recognized when they become unconditional. Restricted gifts, contributions, and other restricted resources are classified as with donor restrictions.

Donated Services

Members of the Board of Directors, a substantial number of volunteers, and corporations have donated their time and services to the Organization. Contributed services are recognized if the services received either create or enhance long-lived assets, or require specialized skills and would typically need to be purchased if not provided by donation; $37,500 has been reflected in the consolidated financial statements for donated services which meet this criteria.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from California franchise taxes.

QALICB incurs unrelated business income tax related to a portion of its rental income. There was no provision for unrelated business income tax for the year ended June 30, 2021 due to net operating loss carryforwards of approximately $108,000, which can be carried forward indefinitely under the Tax Cuts and Jobs Acts.

Investments

The Organization invests in various securities. Securities 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 that such changes could materially affect the Organization's account balances and the amounts reported in the consolidated statement of financial position.

The Organization's investment securities are carried at estimated fair market value based on quoted market prices. Investments received as gifts are recorded at estimated fair value at the date of the donation. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses are calculated on an adjusted cost basis. Dividend and interest income are accrued when earned.

Expense Allocation

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with the program and supporting service are allocated based on evaluation by the Organization's management.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncement

In February 2016, Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) No. 2016-02, Leases*. The guidance in this *ASU* supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. This *ASU* will become effective for the Organization for the year ending June 30, 2023. The Organization is currently evaluating the effect the provisions of *ASU 2016-02* will have on the consolidated financial statements.

Subsequent Events

The Organization has evaluated subsequent events through the date of the auditors' report, October 4, 2021, which is the date the accompanying consolidated financial statements were available to be issued.

NOTE 2 – PURCHASE OF NEW OPERATING FACILITY

On September 30, 2014, the Organization purchased a building for $7 million to be used as its new operating facility. To finance the purchase, the Organization borrowed $4.4 million from Farmers & Merchants Bank (the Bank) for a term of 10 years, pledging the new building as collateral (see Note 6).

In order to finance relocation to the new building and its required refurbishment, the Organization initiated a $3 million capital campaign and received support from the U.S. Department of the Treasury's New Market Tax Credit Program (NMTC). For the latter, the Organization was required to enter into the following series of transactions:

a) A new community development entity, CSCDC 5 LLC (CSCDC 5), was formed by Twain Investment Fund 19, LLC (Twain), a new entity formed by U.S. Bancorp Community Development Corporation (USBCDC), and California Statewide Communities Development Corporation (CSCDC). CSCDC funded CSCDC 5 with $4.095 million of awarded NMTC tax credits. For 99.99% ownership of CSCDC 5 and the rights to all of CSCDC 5's NMTC tax credits, Twain funded CSCDC 5 with $10.5 million.

b) QALICB was formed.

c) One day after BBBSOCIE took title to the new building, BBBSOCIE entered into a 99 year lease with QALICB for a lump sum payment of $7 million, of which $4 million was allocated to the building and recorded as a capital lease, and $3 million was allocated to the land and recorded as an operating lease. As part of the lease, QALICB acquired the rights to all tenant revenue from the new building and took financial responsibility for building improvements.

d) Contemporaneously with the receipt of the $7 million payment from QALICB, BBBSOCIE entered into an agreement to lease just over half of the new building from QALICB through December 2044. As part of that lease, QALICB agreed to cover furniture and relocation expenses.

e) To finance the capital lease payment, immediate building improvements, the Organization's furniture and relocation expenses, and transaction costs, QALICB borrowed $10,185,000 from CSCDC 5 for a term of 35 years at a 1% fixed rate (see Note 6). In order to secure this loan, QALICB has to maintain the loan and all associated entities for a minimum of seven years and has to pay transaction costs totaling $0.9 million over seven years. Also as a requirement for the loan, the Organization was required to lend Twain $6.983 million at a 1.38% fixed rate and maturing April 1, 2041. The note receivable from Twain requires quarterly payments of interest only through October 1, 2022, at which time quarterly payments of principal and interest will commence in equal installments through the maturity date. As of June 30, 2021, the balance of the note receivable from Twain amounted to $6,983,300 and the related interest receivable amounted to $24,092. Building improvements, furniture, and relocation costs were estimated to total approximately $2.3 million, which had been fully utilized as of June 30, 2021.

f) On September 28, 2021 USBCDC put its interest in Twain to the Organization for $1,000 (Put Price). After the exercise of the Put Price, the Organization owns Twain and CSCDC, and is ultimately both the lender and borrower of each of the $10.2 million and $6.983 million loans, with both loans to be forgiven, with the only debt remaining the loan to the Bank.

Management estimates the value after seven years of the NMTC transaction to be worth $3 million to the Organization. This is comprised of $0.7 million in lower interest charges over seven years and $2.3 million in the debt forgiveness as a result of the Put Price.

NOTE 3 – GIFTS AND GRANTS RECEIVABLE

Gifts and grants receivable consist of unconditional promises to give cash to the Organization. Unconditional promises to give that are expected to be collected in future years would be recorded at the present value of estimated future cash flows. All gifts and grants receivable as of June 30, 2021 are expected to be collected in less than one year.

As of June 30, 2021, the two largest gifts and grants receivable accounted for 87% of the total, and the largest receivable accounted for 65% of the total. Management continually monitors the collectability of the Organization's gifts and grants receivable and, when necessary, would record an allowance for doubtful accounts and a corresponding charge to bad debt expense. Management does not believe that there are any collectability issues associated with the Organization's gifts and grants receivable as of June 30, 2021.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2021:

Land	$ 3,000,000
Building and improvements	6,299,155
Furniture and equipment	726,895
	10,026,050
Less: accumulated depreciation and amortization	(2,114,618)
	$ 7,911,432

Depreciation and amortization expense related to property and equipment was $317,162 for the year ended June 30, 2021. BBBSOCIE's depreciation and amortization expense of $75,887 has been allocated to the various expense categories as shown on the consolidated statement of functional expenses. QALICB's depreciation and amortization expense of $241,275 is included within expenses related to management of property subleased to third parties on the accompanying consolidated statement of activities.

NOTE 5 – FAIR VALUE MEASUREMENTS

The Organization uses a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either observable directly or indirectly through market corroboration, for substantially the full term of the financial instrument; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Following is a description of the valuation methodologies used for investments measured at fair value at June 30, 2021:

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate stocks: Valued based on recently executed transactions and market price quotations (where observable).

Investment pool: The balance of $71,436 as of June 30, 2021 represents the Organization's allocation of a pooled investment account held by a third-party foundation which consists of various investments valued using Level 1, Level 2, and Level 3 inputs as determined by the third-party foundation. As such, the investments are considered to be measured using Level 3 inputs.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments of $15,412,945 as of June 30, 2021. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

	Fair Value Measurements at Reporting Date Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:			
U.S. Equity	$ 2,964,444	$ -	$ -
Bonds	3,693,886		
International Equity	4,559,588	-	-
Cash investments	202,900	-	-
Corporate stocks	3,920,691	-	-
Investment pool	-	-	71,436
	$ 15,341,509	$ -	$ 71,436

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 investments for the year ended June 30, 2021:

Balance, beginning of year	$ 55,598
Net unrealized gain	15,838
Balance, end of year	$ 71,436

The investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the Organization's investment balances and the amounts reported in the consolidated statement of financial position.

NOTE 6 – LOANS PAYABLE

The Organization's loan payable to the Bank of $4,400,000 bears interest at 3.75%, matures September 28, 2024, and requires monthly principal and interest payments of $22,753 through September 2021, at which time the monthly payments will be adjusted to reflect the prevailing variable interest rate, as defined in the loan agreement. As of June 30, 2021, the outstanding principal balance of the loan payable was $3,588,221.

The Organization's loan payable to CDCDC 5 of $10,185,000 bears interest at 1.00%, matures October 1, 2049, and requires quarterly payments of interest only through October 1, 2022, at which time quarterly principal and interest payments of $107,726 will commence until maturity. As of June 30, 2021, $10,185,000 was outstanding.

Future maturities of loans payable as of June 30, 2021 were as follows:

Year Ending June 30,	
2022	$ 197,953
2023	385,227
2024	556,761
2025	3,278,653
2026	338,641
Thereafter	9,015,986
	13,773,221
Less: unamortized debt issuance costs	(86,047)
	13,687,174
Less: current portion	(197,953)
	$ 13,489,221

In April 2020, the Organization entered into a loan agreement with the Bank as part of the U.S. Small Business Administration (SBA) Paycheck Protection Program under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The loan was guaranteed by the SBA. The loan was fully forgiven during the year ended June 30, 2021.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Commitments

The Organization leases its Inland Empire operating facility under the terms of a non-cancelable lease agreement that expires in April 2024. Future minimum payments under the lease as of June 30, 2021 were as follows:

Year Ending June 30,		
2022	$	134,726
2023		138,767
2024		118,516
	$	392,009

Facility rent expense under the above-described agreement for the year ended June 30, 2021 was $134,157, and is reflected as rent expense in the accompanying consolidated statement of functional expenses.

Contingencies

The Organization is subject to claims and lawsuits in the ordinary course of business. In the opinion of management, the ultimate disposition of any such matters would not have a material effect upon the financial condition of the Organization.

NOTE 8 – RENTAL INCOME

The Organization leases portions of its operating facility to unrelated third parties under the terms of non-cancelable lease agreements that expire at various times through July 2025. Certain of the leases provide for tenant improvement allowances to the lessee. The tenant improvement allowance is recorded by the Organization as a deferred rent receivable and will be amortized to rental income over the remaining lease term.

Future minimum receipts of rental payments under these leases were as follows as of June 30, 2021:

Year Ending June 30,		
2022	$	333,537
2023		231,048
2024		167,686
2025		169,137
2026		11,414
	$	912,822

Rental income recognized related to these leases during the year ended June 30, 2021, amounted to $503,124.

NOTE 9 – RETIREMENT PLAN

The Organization has a defined contribution 403(b) plan available to all employees. Employer contributions are at the discretion of the Organization's board of directors. The Organization matches 30% of the first 10% of employee contributions to the plan. Organization matching contributions during the year ended June 30, 2021 were approximately $34,000. Organization matching contributions vest over a three year period.

NOTE 10 – AUXILIARY ACTIVITIES

Auxiliary activities, which are consolidated with the Organization's operating results, were as follows for the year ended June 30, 2021:

	Angelitos de Oro
Revenues	$ 231,207
Expenses	(216,034)
Excess of revenues over expenses	$ 15,173

The expenses figure above represents contributions to BBBSOCIE, which have been eliminated in consolidation.

NOTE 11 – OPERATING RESULTS OF CORE OPERATIONS

The operating results of the Organization's core operations were as follows for the year ended June 30, 2021:

Total revenues, gains and other support per statement of activities	$ 6,238,103
Plus: return on investment portfolio assets used for operations	400,000
Total revenues from core operations	6,638,103
Total expenses per statement of activities	5,875,528
Plus: rent paid to QALICB eliminated in consolidation	181,780
Less: net expenses of ADO included in consolidation	(15,173)
Total expenses from core operations	6,042,135
Excess of revenues over expenses from core operations	$ 595,968

NOTE 12 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has $3,010,025 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash and cash equivalents of $1,371,783, gifts and grants receivable of $838,242, as well as investments designated for operations of $800,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Organization has a goal to maintain financial assets to meet current liabilities, which are $805,496 as of June 30, 2021. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management and as more fully described in Note 5, the Organization invests cash in excess of daily requirements in various investments, including mutual funds and bonds.

NOTE 13 – CONCENTRATION OF CREDIT RISK

At June 30, 2021, the Organization maintained cash balances with a bank in excess of the federally insured amount.