

**SAINT JUSTIN EDUCATION
FUND FOR LOS ANGELES**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020



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**SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
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YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors,
Saint Justin Education Fund for Los Angeles
Los Angeles, California

We have audited the accompanying financial statements of Saint Justin Education Fund for Los Angeles (a California nonprofit corporation – the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Organization'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 Organization'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.

Board of Directors
Saint Justin Education Fund for Los Angeles

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Pasadena, California
January 5, 2022

SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 490,595	\$ 376,388
Investments	1,491,659	1,303,444
Contributions Receivable, Net	41,540	44,477
Property and Equipment, Net	22,265	28,296
Total Assets	\$ 2,046,059	\$ 1,752,605
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 14,937	\$ 16,968
NET ASSETS		
Without Donor Restrictions	389,270	365,609
With Donor Restrictions	1,641,852	1,370,028
Total Net Assets	2,031,122	1,735,637
Total Liabilities and Net Assets	\$ 2,046,059	\$ 1,752,605

See accompanying Notes to Financial Statements.

**SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 233,814	\$ 70,500	\$ 304,314
Donated Services	70,000	-	70,000
Special Events, Net of Expenses of \$1,563	6,587	-	6,587
Investment Income, Net	-	273,111	273,111
Net Assets Released from Restrictions	<u>71,787</u>	<u>(71,787)</u>	<u>-</u>
Total Revenue and Support	382,188	271,824	654,012
EXPENSES			
Program	252,096	-	252,096
Management and General	68,967	-	68,967
Fundraising	<u>37,464</u>	<u>-</u>	<u>37,464</u>
Total Expenses	<u>358,527</u>	<u>-</u>	<u>358,527</u>
INCREASE IN NET ASSETS	23,661	271,824	295,485
Net Assets – Beginning of the Year	<u>365,609</u>	<u>1,370,028</u>	<u>1,735,637</u>
NET ASSETS – END OF YEAR	<u><u>\$ 389,270</u></u>	<u><u>\$ 1,641,852</u></u>	<u><u>\$ 2,031,122</u></u>

See accompanying Notes to Financial Statements.

**SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 223,756	\$ 15,700	\$ 239,456
Donated Services	70,000	-	70,000
Special Events, Net of Expenses of \$1,166	6,799	-	6,799
Investment Income, Net	-	104,542	104,542
Net Assets Released From Restrictions	177,313	(177,313)	-
Total Revenue and Support	477,868	(57,071)	420,797
EXPENSES			
Program	305,679	-	305,679
Management and General	75,349	-	75,349
Fundraising	48,676	-	48,676
Total Expenses	429,704	-	429,704
INCREASE (DECREASE) IN NET ASSETS	48,164	(57,071)	(8,907)
Net Assets – Beginning of the Year	317,445	1,427,099	1,744,544
NET ASSETS – End of Year	\$ 365,609	\$ 1,370,028	\$ 1,735,637

See accompanying Notes to Financial Statements.

SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program	Management and General	Fundraising	Total
Compensation	\$ 132,382	\$ 36,770	\$ 29,152	\$ 198,304
Legal and Professional Fees	-	25,991	-	25,991
Insurance	12,477	3,421	-	15,898
Facility Rentals	15,600	-	-	15,600
Payroll Expenses	10,079	583	-	10,662
Depreciation	9,779	-	-	9,779
Telephone	8,596	-	-	8,596
Fundraising	-	-	8,000	8,000
Leadership Training	6,827	-	-	6,827
Equipment Program	6,715	-	110	6,825
Student Special Needs	6,037	-	-	6,037
Copier Lease	4,821	-	-	4,821
Mentor Expenses	4,452	-	-	4,452
Student Books	4,042	-	-	4,042
Compensation Igraduate	3,791	-	-	3,791
Student per diem Meals	3,608	-	-	3,608
Postage	3,178	288	-	3,466
Storage	2,755	-	-	2,755
Igraduate Expenses	2,743	-	-	2,743
Media Communications	2,594	-	-	2,594
Office Expense	1,839	367	-	2,206
Supplies	2,056	-	-	2,056
Student Tuition & Fees	1,724	-	-	1,724
Internet	1,283	-	-	1,283
Student Transportation	947	-	-	947
Printing	919	-	-	919
Director Expenses	833	-	-	833
Special Program Expenses	636	-	-	636
Card Service and Lease	-	608	-	608
Publications	596	-	-	596
Website Maintenance	342	-	202	544
Dues and Subscriptions	-	469	-	469
Business Filing Fees	245	87	-	332
Bank Charges	-	312	-	312
Equipment Maintenance	200	-	-	200
Use Taxes	-	71	-	71
Subtotal	<u>252,096</u>	<u>68,967</u>	<u>37,464</u>	<u>358,527</u>
Special Event Expenses	-	-	1,563	1,563
Total Expenses	<u>\$ 252,096</u>	<u>\$ 68,967</u>	<u>\$ 39,027</u>	<u>\$ 360,090</u>

See accompanying Notes to Financial Statements.

SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program	Management and General	Fundraising	Total
Compensation	\$ 139,443	\$ 36,528	\$ 28,887	\$ 204,858
Legal and Professional Fees	-	26,835	-	26,835
Fundraising	-	-	18,000	18,000
Insurance	12,991	4,796	-	17,787
Facility Rentals	15,600	-	-	15,600
Mentor Expenses	13,797	-	-	13,797
Student Transportation	12,300	-	-	12,300
Depreciation	12,084	-	-	12,084
Payroll Expenses	8,417	1,897	1,541	11,855
Student Books	11,403	-	-	11,403
Telephone	10,927	-	-	10,927
Leadership Training	8,977	-	-	8,977
Equipment Program	6,181	1,265	141	7,587
Student per diem Meals	6,398	-	-	6,398
Igraduate Expenses	5,882	-	-	5,882
Copier Lease	5,788	-	-	5,788
Compensation Igraduate	5,271	-	-	5,271
Office Expense	3,261	1,885	-	5,146
Student Special Needs	4,964	-	-	4,964
Supplies	3,761	-	107	3,868
Media Communications	3,094	-	-	3,094
Director Expenses	2,884	-	-	2,884
Storage	2,403	-	-	2,403
Postage	1,910	268	-	2,178
Student Tuition and Fees	1,721	-	-	1,721
Dues and Subscriptions	625	1,026	-	1,651
Program Meals	1,520	-	-	1,520
Internet	1,084	-	-	1,084
Publications	915	-	-	915
Printing	580	-	-	580
Special Program Expenses	561	-	-	561
Bank Charges	225	300	-	525
Card Service and Lease	-	448	-	448
Website Maintenance	317	-	-	317
Equipment Maintenance	200	-	-	200
Conference Fees	195	-	-	195
Business Filing Fees	-	101	-	101
Subtotal	<u>305,679</u>	<u>75,349</u>	<u>48,676</u>	<u>429,704</u>
Special Event Expenses	-	-	1,166	1,166
Total Expenses	<u>\$ 305,679</u>	<u>\$ 75,349</u>	<u>\$ 49,842</u>	<u>\$ 430,870</u>

See accompanying Notes to Financial Statements.

**SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 295,485	\$ (8,907)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	9,779	12,084
Net Realized and Unrealized Gain on Investments	(251,410)	(78,566)
Change in Assets and Liabilities:		
Contributions Receivable	2,937	36,650
Accounts Payable and Accrued Liabilities	(2,031)	5,671
Total Adjustments	(240,725)	(24,161)
Net Cash Provided (Used) by Operating Activities	54,760	(33,068)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(110,759)	(290,158)
Proceeds from Sales of Investments	174,150	337,139
Purchase of Property and Equipment	(3,944)	(3,750)
Net Cash Provided by Investing Activities	59,447	43,231
NET INCREASE IN CASH AND CASH EQUIVALENTS	114,207	10,163
Cash and Cash Equivalents - Beginning of Year	376,388	366,225
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 490,595	\$ 376,388

See accompanying Notes to Financial Statements.

SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 ORGANIZATION

Saint Justin Education Fund for Los Angeles (the Organization) was founded in 1993 to provide college scholarships to economically disadvantaged members of the public through support from private donor contributions. The scholarships cover books, tuition, meals, tutoring, transportation, and other specific needs such as testing, assessment, counseling, and leadership training. The Organization also provides academic and spiritual mentoring to the students which are essential to the students' success in the program.

The Organization has registered two dba names: the Ascending Lights Leadership Network and Ascending Lights iGraduate. The Ascending Lights Leadership Network is to recognize and develop Christian individuals to become leaders and strengthen their churches in the struggle to break the descending cycle of poverty and violence in their communities. The Ascending Lights iGraduate was created to respond to the desire of our alumni to help as many of their peers as possible to graduate from community college and transfer to four-year universities. The Ascending Lights iGraduate trains these alumni, as well as other volunteers from the community at large, in the use of our proven community college counseling and academic planning system.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with the AICPA Audit and Accounting Guide, *Not-For-Profit Organizations*. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein have been classified and are reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations, including contributions with donor restrictions whose restrictions are met in the same reporting period and not subject to donor restrictions. The board of directors or management have designated, from net assets without donor restrictions, board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

Cash and cash equivalents include cash and money market accounts.

SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, including unconditional promises to give (pledges), are recognized as revenue in the period received and reported in their appropriate net asset group, subject to the existence or absence of donor-imposed stipulations. For contributions with donor-imposed conditions – that is, those with a measurable performance or other barrier and a right of return or release – revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

Donated Services

Donated services are recognized as contributions in accordance with Revenue Recognition (ASC 958-605), if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Property and Depreciation

Properties purchased are recorded at cost. Items with a cost of \$500 or greater are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and Fixtures	7 Years
Office Equipment	5 Years

Investments

Investments are stated at fair value. The estimated fair value of investments is based on quoted market prices. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received. Gains or losses and interest and dividend income are reflected in the statement of activities as net investment income or loss.

Contributions Receivable

Contributions are classified as net assets without donor restrictions or with donor restrictions based on donor-imposed stipulations. Contributions receivable are discounted to present value using a risk adjusted discount rate. Contributions receivable due within one year is reported at net realizable value. An allowance for uncollectible contributions is estimated by management based on such factors as prior collection history, type of contribution and the nature of the fundraising activity.

Revenue and Expense Recognition

Revenues are reported as increases in *net assets without donor restrictions* unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same year the gift is made are reported as contributions without donor restrictions. Expirations of donor-imposed restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions. Expenses are reported as decreases in *net assets without donor restrictions*. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Fair Value Standards (ASC 820-10) establishes a hierarchic disclosure framework which prioritizes and ranks the level of market price observability used in measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 – Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Endowment - Return Objectives and Risk Parameters

The Organization has investment and spending policies for endowment assets which attempt first to build endowment, and second to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the board of directors, the Organization's endowment assets are invested in a manner that is intended to produce attractive returns in the context of a relatively conservative strategy. The policy allows investments in US public equity, non-US public equity, fixed income, real assets, private capital, distressed debt, commodities, natural resources and private real estate. The committee and its financial advisor expect to maximize the returns achieved by the endowment without taking imprudent risk through the selection of asset managers and strategies within the domestic equities and fixed income allocations. Actual returns in any given year may vary from this amount.

Endowment Spending Policy

In accordance with the state of California's Uniform Prudent Management of Institutional Funds Act (UPMIFA), the appropriate distribution in any year is calculated on the basis of market values determined quarterly and averaged over a period of three years of the immediately preceding year not to exceed 7%.

SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

The Organization maintains its cash in checking and money market accounts, which at times may exceed federally insured limits. The Organization's cash is held by recognized financial institutions and is insured by the Federal Deposit Insurance Corporation up to its statutory limits.

Concentration of Credit Risk for Contributions Receivable

The Organization routinely assesses the financial strength of its donors and, as a consequence, believes that the receivable credit risk exposure is limited. As of June 30, 2021, four donors comprised of 84% of the total contributions receivable and two contributors accounted for 29% of total contribution revenue. As of June 30, 2020, four donors comprised of 57% of the total contributions receivable and four contributors accounted for 61% of total contribution revenue. The Organization continually monitors its receivables and establishes valuation reserves as considered appropriate.

Income Taxes

The Organization has favorable determination letters from the Internal Revenue Service and the State of California indicating it is exempt from Federal and State income taxes. Further, the Organization's activities are conducted exclusively for charitable and educational purposes within the meaning of section 501(c)3 of the Internal Revenue Code under which it qualifies for charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Accounting principles generally accepted in the United States of America (U.S. GAAP) provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by the Organization are more likely than not to be sustained upon examination.

Functional Expense Allocations

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

Risk and Uncertainties

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic, which continues subsequent to year-end. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2022 operations and financial results including but not limited to declines in investment and contribution income. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Subsequent Events

Subsequent events have been evaluated through January 5, 2022, the date that these financial statements were available to be issued.

New Accounting Pronouncement Effective in Future Accounting Period

The FASB has issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB is issuing this ASU to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. Nonfinancial assets are defined within the ASU as including fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments do not change the recognition and measurement of nonfinancial assets. This ASU is effective for annual periods beginning after June 15, 2021. The amendments should be applied on a retrospective basis.

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 490,595	\$ 376,388
Investments	1,491,659	1,303,444
Contributions Receivable, Net	<u>41,540</u>	<u>44,477</u>
Total Financial Assets	2,023,794	1,724,309
Less Amounts Not Available to be Used Within One Year		
Cash Restricted for Scholarship	(91,638)	(47,925)
Endowment and Investments	<u>(1,550,214)</u>	<u>(1,322,103)</u>
Available for General Expenditure Within One Year	<u>\$ 381,942</u>	<u>\$ 354,281</u>

SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

At June 30, investments are as follows:

	<u>2021</u>	<u>2020</u>
SPDR S&P 500 Fund	\$ 853,124	\$ 719,712
iShares iBoxx High Yield Fund		
Corporate Bond Fund	37,945	32,730
Vanguard Short-Term Bond Fund	600,590	551,002
Total Investments	<u>\$ 1,491,659</u>	<u>\$ 1,303,444</u>

Investment income consisted of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and Dividends	\$ 21,701	\$ 25,975
Realized and Unrealized Gain, Net	251,410	78,567
Total Investment Income	<u>\$ 273,111</u>	<u>\$ 104,542</u>

At June 30, 2021 and 2020, the Organization's investments are considered as Level 1 assets.

NOTE 5 CONTRIBUTIONS RECEIVABLE

At June 30, contributions receivable are as follows:

	<u>2021</u>	<u>2020</u>
Contributions	\$ 42,323	\$ 45,260
Less: Allowance for Uncollectable Contributions	(783)	(783)
Total Contributions Receivable	<u>\$ 41,540</u>	<u>\$ 44,477</u>

At June 30, 2021, future collections of contributions receivable are expected as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	<u>\$ 42,323</u>

SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Scholarships	\$ 91,638	\$ 47,925
Endowment:		
Accumulated Earnings	548,020	319,909
Perpetual in Nature	<u>1,002,194</u>	<u>1,002,194</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,641,852</u>	<u>\$ 1,370,028</u>

During the years ended June 30, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Scholarships	\$ 26,787	\$ 97,313
Endowment:		
Appropriation on Endowment Earnings	<u>45,000</u>	<u>80,000</u>
Total Net Assets Released from Restriction	<u>\$ 71,787</u>	<u>\$ 177,313</u>

NOTE 7 ENDOWMENT

The Organization's endowment consists of gifts and reserves established for a variety of purposes. Endowment gifts have donor-imposed restrictions, to preserve the original gift (or corpus) in perpetuity, and generally designate the use of investment income earned thereon. Net assets associated with endowments is classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of California, 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 Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 ENDOWMENT (CONTINUED)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

The Organization's endowment assets consist of the following at June 30:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment	\$ -	\$ 1,550,214	\$ 1,550,214

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment	\$ -	\$ 1,322,103	\$ 1,322,103

Changes in donor restricted endowment assets for the years ended June 30 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - July 1, 2019	\$ -	\$ 1,297,561	\$ 1,297,561
Interest and Dividend Income	-	25,975	25,975
Net Appreciation (Realized and Unrealized)	-	78,567	78,567
Endowment Appropriations	-	(80,000)	(80,000)
Endowment Net Assets - June 30, 2020	-	1,322,103	1,322,103
Interest and Dividend Income	-	21,701	21,701
Net Appreciation (Realized and Unrealized)	-	251,410	251,410
Endowment Appropriations	-	(45,000)	(45,000)
Endowment Net Assets - June 30, 2021	\$ -	\$ 1,550,214	\$ 1,550,214

SAINT JUSTIN EDUCATION FUND FOR LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 ENDOWMENT (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2021 and 2020.

NOTE 8 RELATED PARTY

During each of years ended June 30, 2021 and 2020, the Organization paid \$8,000 and \$18,000 to Crown Consulting, a fundraising consulting service company, owned by a relative of a board member, respectively.

NOTE 9 DONATED SERVICES

During each of years ended June 30, 2021 and 2020, the Organization received \$70,000 of donated executive director services. The amounts are recognized in the statement of activities and schedule of functional expenses as follows:

	<u>2021</u>	<u>2020</u>
Program	\$ 35,000	\$ 35,000
Management and General	17,500	17,500
Fundraising	17,500	17,500
Total	<u>\$ 70,000</u>	<u>\$ 70,000</u>

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