

Audited Financial Statements



June 30, 2024 and 2023

Quigley & Miron

Social Justice Learning Institute
Audited Financial Statements
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Independent Auditor's Report

Board of Directors
Social Justice Learning Institute
Inglewood, California

Opinion

We have audited the accompanying financial statements of Social Justice Learning Institute (SJLI), a nonprofit organization, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SJLI as of June 30, 2024 and 2023, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of SJLI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SJLI's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SJLI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SJLI's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink, reading "Twiggley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
May 24, 2025

Social Justice Learning Institute
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 2,105,804	\$ 5,447,788
Restricted cash held for purchase of building	2,100,000	2,100,000
Investments—Note 4	2,360,205	316,792
Grants and contributions receivable	25,000	250,680
Government contracts receivable	225,000	262,517
Other receivables	11,525	
Prepaid expenses		850
Operating lease right-of-use asset—Note 5	67,125	118,992
Property and equipment, net—Note 6	50,756	74,874
Note receivable—Note 7	1,700,000	1,700,000
Total Assets	<u>\$ 8,645,415</u>	<u>\$ 10,272,493</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 532,499	\$ 387,672
Operating lease liability—Note 5	71,295	124,497
Total Liabilities	<u>603,794</u>	<u>512,169</u>
Net Assets		
Without donor restrictions	4,789,121	7,318,305
With donor restrictions—Note 8	3,252,500	2,442,019
Total Net Assets	<u>8,041,621</u>	<u>9,760,324</u>
Total Liabilities and Net Assets	<u>\$ 8,645,415</u>	<u>\$ 10,272,493</u>

See notes to the financial statements.

Social Justice Learning Institute
Statements of Activities
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Net Assets Without Donor Restrictions		
Revenue, support, and releases from restrictions		
Grants and contributions	\$ 2,839,561	\$ 6,368,000
Government contracts	1,090,836	625,141
Other income		20,163
Interest and dividends	85,707	9,415
Net assets released from restrictions	794,519	1,300,597
	<u>4,810,623</u>	<u>8,323,316</u>
Total Revenue, Support, and Releases from Restrictions	4,810,623	8,323,316
Expenses		
Program services	5,715,018	4,560,692
Support services		
General and administrative	922,730	1,066,441
Fundraising	779,691	791,769
	<u>7,417,439</u>	<u>6,418,902</u>
Total Expenses	7,417,439	6,418,902
Increase (Decrease) in Net Assets Without Donor Restrictions	(2,606,816)	1,904,414
Net Assets With Donor Restrictions		
Grants and contributions	1,605,000	625,000
Net assets released from restrictions	(794,519)	(1,300,597)
	<u>810,481</u>	<u>(675,597)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	810,481	(675,597)
Change in Net Assets from Operations	(1,796,335)	1,228,817
Nonoperating Activities		
Investment return, net—Note 4	77,632	6,477
	<u>77,632</u>	<u>6,477</u>
Total Nonoperating Activities	77,632	6,477
Change in Net Assets	(1,718,703)	1,235,294
Net Assets at Beginning of Year, as Previously Reported	9,760,324	8,530,025
Cumulative effect of adoption of ASU 2016-02, <i>Leases</i> —Note 5		(4,995)
	<u>9,760,324</u>	<u>8,525,030</u>
Net Assets at Beginning of Year, as Restated	9,760,324	8,525,030
Net Assets at End of Year	\$ 8,041,621	\$ 9,760,324

See notes to financial statements.

Social Justice Learning Institute
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services					Support Services		
	Educational Equity	Health Equity	Policy and Advocacy	Fem the Future	Total Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 2,554,630	\$ 420,132	\$ 369,690	\$	\$ 3,344,452	\$ 190,354	\$ 559,500	\$ 4,094,306
Employee benefits	255,489	35,860	25,913		317,262	31,935	48,291	397,488
Payroll taxes	203,586	32,758	29,159		265,503	14,594	42,961	323,058
Total Personnel Expenses	3,013,705	488,750	424,762		3,927,217	236,883	650,752	4,814,852
Advertising and promotion							8,881	8,881
Awards and grants	281,607		4,083		285,690	24,000	1,033	310,723
Bank charges	26,079	3,629	2,383		32,091	12,835	3,589	48,515
Catering and meeting expense	93,262	7,645	5,299	264	106,470	17,806	16,541	140,817
Depreciation						24,118		24,118
Dues and subscriptions	530				530	36		566
Equipment rental and maintenance		1,161			1,161	1,060		2,221
Events and honoraria	200,168	16,270	97,035	3,411	316,884	8,286		325,170
Insurance	2,282				2,282	6,864		9,146
Internet and web hosting							2,100	2,100
Occupancy	9,780	19,152			28,932	75,037		103,969
Office expense	1,938	964			2,902	5,221	379	8,502
Postage	728				728	1,701	488	2,917
Printing	3,311				3,311	7,941	143	11,395
Professional fees	425,535	22,802	4,853	948	454,138	272,692	28,738	755,568
Program supplies	148,223	37,394	8,882	87,332	281,831	62,361	47,724	391,916
Public relations	8,652				8,652		9,149	17,801
Repairs and maintenance		1,922			1,922	2,821		4,743
Software and licensing	16,883			2,820	19,703	35,418	2,956	58,077
Taxes and licenses	884				884	795		1,679
Telephone						58,413		58,413
Travel	174,710	10,718	53,912	350	239,690	61,230	7,218	308,138
Utilities						7,212		7,212
Total Expenses	\$ 4,408,277	\$ 610,407	\$ 601,209	\$ 95,125	\$ 5,715,018	\$ 922,730	\$ 779,691	\$ 7,417,439

See notes to financial statements.

Social Justice Learning Institute
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services						Support Services		
	Educational Equity	Health Equity	Policy and Advocacy	Special Projects	Fem the Future	Total Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 1,484,674	\$ 311,740	\$ 321,594	\$ 350,003	\$ 49,461	\$ 2,517,472	\$ 145,146	\$ 473,261	\$ 3,135,879
Employee benefits	139,735	29,993	26,198	31,292	1,646	228,864	26,956	45,962	301,782
Payroll taxes	120,588	24,830	25,133	28,412	4,167	203,130	11,665	37,496	252,291
Total Personnel Expenses	1,744,997	366,563	372,925	409,707	55,274	2,949,466	183,767	556,719	3,689,952
Advertising and promotion	32,550		8,139			40,689	3,000	14,600	58,289
Awards and grants	59,000			1,819		60,819	23,212		84,031
Bank charges							9,145		9,145
Catering and meeting expense	56,636	3,350	3,157	7,588		70,731	13,045	24,710	108,486
Depreciation							28,639		28,639
Dues and subscriptions	248		884			1,132	5,250	9,949	16,331
Equipment rental and maintenance	3,326	3,422				6,748	11,303		18,051
Events and honoraria	85,912	906	16,104	383		103,305	32,356	99,356	235,017
Insurance	800					800	34,394		35,194
Internet and web hosting								700	700
Occupancy	33,623	1,127				34,750	52,528		87,278
Office expense	2,258					2,258	2,336	384	4,978
Postage	2,279				49	2,328	967		3,295
Printing	18,538					18,538	8,271	791	27,600
Professional fees	541,005	12,219	10,721	30	56,513	620,488	407,585	18,267	1,046,340
Program supplies	71,594	44,633	366	20,838	127,117	264,548	39,972	41,685	346,205
Public relations	9,101	69				9,170		7,478	16,648
Repairs and maintenance	3,278	4,179				7,457	20,166		27,623
Software and licensing	23,589		748		2,748	27,085	18,130	6,266	51,481
Tax and licenses	801	848				1,649	3,001		4,650
Telephone							40,754		40,754
Travel	266,976	9,848	14,536	6,091	41,280	338,731	117,727	10,864	467,322
Utilities							10,893		10,893
Total Expenses	\$ 2,956,511	\$ 447,164	\$ 427,580	\$ 446,456	\$ 282,981	\$ 4,560,692	\$ 1,066,441	\$ 791,769	\$ 6,418,902

See notes to financial statements.

Social Justice Learning Institute
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (1,718,703)	\$ 1,235,294
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	24,118	28,639
Investment gains	(77,632)	(6,477)
Noncash lease expense	51,867	(123,987)
(Increase) decrease in operating assets:		
Grants and contributions receivable	225,680	490,318
Government contracts receivable	37,517	49,980
Other receivables	(11,525)	
Prepaid expenses	850	114,666
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	144,827	(9,201)
Operating lease liability	(53,202)	124,497
Net Cash Provided by (Used in) Operating Activities	(1,376,203)	1,903,729
Cash Flows from Investing Activities		
Purchases of investments	(1,965,781)	(39,176)
Proceeds from sales of investments		1,700,000
Issuance of note receivable		(1,700,000)
Net Cash Used in Investing Activities	(1,965,781)	(39,176)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	(3,341,984)	1,864,553
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	7,547,788	5,683,235
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 4,205,804	\$ 7,547,788
Supplemental Disclosures		
Income taxes paid	<u>\$</u>	<u>\$</u>
Interest paid	<u>\$</u>	<u>\$</u>

See notes to financial statements.

Note 1—Organization

Social Justice Learning Institute (SJLI) is a California not-for-profit public benefit corporation dedicated to improving the education, health, and well-being of youth and communities of color. By empowering communities to enact social change through research training and community mobilization, SJLI works toward its vision of communities where individuals use their agency to improve each other's lives. In FY 2023-24, SJLI—established in Inglewood, California in 2008—deepened its commitment to education, health, policy and advocacy with a focus on systems change, youth leadership, and community-driven solutions. SJLI expanded its impact across multiple sectors scaling youth development programs, increasing food access, securing housing justice wins, and advancing critical policy reforms. These efforts are part of a long-term vision for equitable communities where Black and Brown youth and families thrive. Before the overview of the fiscal year's key accomplishments and systems-change efforts, it's important to share how SJLI works with youth, residents, schools and school districts, and local officials to advance academic, food, and environmental justice through the following core areas:

Empowering Through Education—At SJLI, education is the foundation for empowerment, equipping both youth and community members with the knowledge and skills to create lasting change. Through culturally responsive teaching, leadership development, and academic support, we prepare individuals to advocate for themselves and their communities. Programs like Urban Scholars, Urban Health Fellowship, The Fellowship Initiative, Higher Pathways, the Youth Justice Fellowship and Urban Advocates foster success and civic engagement from middle school through career pathways, while participatory action research, policy & advocacy training, nutrition education, and workforce development provide tools for community-driven solutions. Whether in schools, advocacy spaces, or health initiatives, education is a transformative force that strengthens agency, advances equity, and ensures that those most impacted by systemic inequities lead the way in shaping their futures.

Creating Thriving Communities—SJLI transforms community conditions by improving access to health and well-being through the social determinants of health, ensuring that empowered individuals have the spaces and resources to drive change. Creating access to affordable, healthy food serves as a foundational step in shifting communities from survival to thriving. SJLI grows and distributes high-quality produce in areas with limited access, introduced Inglewood's first farmers' market, and maintains a growing network of over 100 home, school, and community gardens. Beyond food access, SJLI cultivates engagement spaces like Urban Advocates, the Youth Justice Fellowship, and Health Advocates, where youth and community members come together to shape the changes they want to see. Urban Advocates equips young leaders with civic engagement skills to drive policy change, while the Youth Justice Fellowship immerses young adults in global learning experiences to connect with transformative justice movements. Health Advocates brings residents into a collective journey to address systemic health disparities. These programs ensure that youth and community members not only gain knowledge but have meaningful outlets to organize, advocate, and reimagine thriving communities.

Changing Systems—SJLI empowers youth and community members to move from vision to action, ensuring that the systemic changes they seek become lasting realities. By building capacity for civic engagement and advocacy, SJLI equips leaders to influence policies at the city, county, and state levels. Youth have successfully led efforts to remove police from schools, advocate for healthier school meals, and implement restorative justice practices—transforming educational environments to center equity and student well-being. Community members, supported by SJLI, have pushed for urban agriculture expansion, increased green spaces, and environmental justice initiatives that promote healthier built environments. As the anchor for coalitions focused on housing justice, health equity, and environmental transformation, SJLI ensures that those most impacted by systemic disparities have the tools, platforms, and power to lead the change they envision. By prioritizing community-driven solutions, SJLI works to institutionalize fairness, codifying policies that create lasting and sustainable change.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Program accomplishments during the year ended June 30, 2024 include the following:

Empowering Through Education

SJLI continues to uplift youth and communities of color through culturally responsive education, leadership development, and academic pathways that drive systemic change. The Urban Scholars program remains at the core, serving 609 students across 24 schools in Los Angeles and Houston. This year, 95% of our 172 seniors graduated, with 69% enrolling in college, including 112 students admitted to four-year universities and 69 to two-year colleges or vocational programs (nine who enrolled graduated high school in previous years).

In FY 2023-24, SJLI launched the Urban Scholars - Young Women's Program at two Los Angeles Unified School District (LAUSD) campuses, supporting 25 young women with leadership development and mentorship, achieving 100% graduation and college enrollment. This successful pilot will expand in the coming year.

Through Higher Pathways, SJLI supported 423 alumni with mentorship, financial aid guidance, and career readiness. Our scholarship program awarded \$249,500 in Los Angeles (LA) and \$27,000 in Houston to students pursuing higher education. Additionally, the BagBuilders workforce program graduated its first cohort, equipping participants with career skills and direct employment pathways.

SJLI also continues to lead JPMorgan Chase's The Fellowship Initiative (TFI), supporting 49 fellows through leadership enrichment, college tours, and career exploration. Nine TFI alumni graduated from University of California campuses this year, underscoring the program's role in increasing college persistence and completion.

Creating Thriving Communities

SJLI continues addressing food insecurity and improving health outcomes through its Food for Thought Produce Pickup, in partnership with Food Forward and the LA County Department of Public Health. In FY 2023-24, SJLI facilitated 92 produce distributions and 79 produce drop-offs, providing over 1 million pounds of fresh produce to thousands of families. Each week, 6-8 pallets of produce are shared with 25+ small community organizations, strengthening regional food access.

Beyond food distribution, SJLI integrates health education and community engagement, including:

- 100 Kaiser Permanente medical students trained in food justice & health equity
- 15 community nutrition & physical activity events
- 14 community garden activations
- 25 Safe and Clean Water workshops
- UCLA Health Community Health Fair & focus groups

By embedding environmental justice and health education into food access efforts, SJLI is creating long-term pathways toward self-sustaining, healthy communities.

Changing Systems

SJLI's policy and advocacy work continues to shape systems that impact Black and Brown communities, ensuring equitable access to education, health, housing, and economic opportunities. In FY 2023-24, SJLI contributed to over 30 coalitions and collaboratives, leading and supporting regional advocacy efforts, including:

- Brothers, Sons, Selves Coalition (Education & Youth Justice)
- Care First Community Investment Advisory Committee (Public Safety Reform & Community Investment)
- Bold Vision (Education & Economic Justice)
- Power CA & LA Youth Uprising Coalition (Youth Civic Engagement)
- Park Equity Alliance & Food Policy Network (Environmental & Health Justice)

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Collaborations like these played a key role in advancing important efforts like the implementation of LAUSD's \$96M Black Student Achievement Plan, ensuring accountability in resource allocation, and continuing housing justice efforts through Stay Housed LA, providing tenants with legal aid, eviction support, and renters' rights education. At the legislative level, SJLI contributed to the successful passage of policies including SB679 (Affordable Housing), Unite to House LA, and SB1137 (Environmental/ Health Protection Zone). Additionally, SJLI's BLOOM Alliance and education partners led the second day of the 2023 California Association of Black School Educators (CABSE) Summer Institute, training educators in equity-centered school transformation.

Housing Justice & Sankofa Place at Centinela — Recognizing housing as a critical determinant of well-being, SJLI expanded its impact through Creating Thriving Communities, LLC, a partnership with Venice Community Housing to develop Sankofa Place at Centinela. Sankofa Place at Centinela is more than an affordable housing development—it is a blueprint for community-driven, community designed, multi-sector solutions. With 120 units of 100% affordable housing and SJLI's new headquarters which will include a youth leadership hub, and an economic empowerment center, this \$105 million dollar initiative redefines how housing, health, education, workforce development and change making intersect. By prioritizing local residents and integrating wraparound services, SJLI is ensuring that Sankofa Place becomes a model for equitable, community-centered development that disrupts cycles of displacement and economic exclusion.

As SJLI moves forward, the organization remains committed to scaling impact, advancing policy reform, and building community-led solutions that transform systems for generations to come. With a continued focus on education equity, health justice, and economic mobility, SJLI will expand programs, deepen advocacy efforts, and further integrate systemic change strategies—ensuring that every initiative contributes to a lasting legacy of opportunity, building a bridge of equity and justice to a world where collective empowerment is available for all people.

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. SJLI's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of SJLI and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of SJLI. These net assets may be used at the discretion of SJLI's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of SJLI and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit SJLI to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of SJLI to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Note 2—Summary of Significant Accounting Policies—Continued

Recently Adopted Accounting Principles

Credit Losses—In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The new guidance affects organizations that hold financial assets and net investments in leases that are not accounted for at fair value with changes in fair value reported in net income, including loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. SJLI adopted ASU No. 2016-13 on a retrospective basis for the year ended June 30, 2024 with no resulting impact on the financial statement presentation.

Leases—In February 2016, FASB issued ASU No. 2016-02 (ASU 2016-02), *Leases (Topic 842)*. This standard is applicable to leases with terms exceeding 12 months and requires lessees to recognize the assets and related liabilities that arise from leases in the statement of financial position. Additionally, in July 2018, FASB issued ASU 2018-11 *Leases (Topic 842)—Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative effect adjustment to the opening balance of net assets without donor restrictions in the period of adoption. SJLI adopted ASU 2016-02 and its related amendments using a modified retrospective approach as of July 1, 2022. SJLI elected to adopt the transition relief provisions from ASU 2018-11 as of July 1, 2022 for the year ended June 30, 2023, without restating any prior year amounts or disclosures.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of SJLI's community and youth social justice program services, and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—SJLI is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, SJLI is not a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2024 and 2023. Generally, SJLI's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash, Cash Equivalents, and Restricted Cash—SJLI considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash consists of cash held for the purchase of a building.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the cash, cash equivalents, and restricted cash total shown in the statement of cash flows at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash Accounts Reported in Statements of Financial Position		
Cash and cash equivalents	\$ 2,105,804	\$ 5,447,788
Restricted cash held for purchase of building	<u>2,100,000</u>	<u>2,100,000</u>
Total Cash, Cash Equivalents, and Restricted Cash Reported in Statements of Cash Flows	<u>\$ 4,205,804</u>	<u>\$ 7,547,788</u>

Investments—Investments in securities are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains and losses are reported as income without donor restriction unless use of the earnings is restricted by the donor.

Property and Equipment—Property and equipment, net consists of vehicles, leasehold improvements, and equipment. Purchased property and equipment is capitalized if there is a useful life greater than one year and the cost is above a minimum threshold established by management of \$1,000. Property and equipment are valued at cost or the fair market at the date of donation. SJLI provides for depreciation and amortization of property on a straight-line basis over the estimated useful lives of five years.

Concentration of Credit Risk—Financial instruments which potentially subject SJLI to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and receivables.

SJLI places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution; such cash balances are normally in excess of FDIC insurance limits.

Cash held in investment accounts at investment custodians are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. At times, such balances are in excess of the SIPC coverage limits.

SJLI is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. SJLI's management has assessed the credit risk associated with its cash deposits and investments held at June 30, 2024 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments.

Grants and contributions receivable consist of balances from local foundations. Government contracts receivable consists of balances from government agencies, and consist of balances earned as contract revenue yet not settled in cash. SJLI has determined that no allowance for credit losses due to uncollectible receivables is necessary at June 30, 2024 and 2023.

Contributions—Contributions with and without restrictions are recognized in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Government Contracts—Government contract revenue is recognized in the applicable period in which the program is performed.

Interest and dividend income—Interest and dividend income earned on investments is recognized when earned and is reported as interest and dividends under revenue, support, and releases from restrictions in the statement of activities

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of a contracted goods or service. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Salaries, employee benefits, and payroll taxes are allocated on the basis of estimates of time and effort. All other functional expenses are charged directly to programs or the management and general and fundraising functional categories.

Advertising and Promotion Expense—Advertising and promotion costs are expensed as incurred and amounted to \$8,881 and \$58,289 for the years ended June 30, 2024 and 2023, respectively.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3—Availability and Liquidity

SJLI's goal is generally to maintain financial assets to meet 45 days of operating expenses (approximately \$185,000).

The following represents the availability and liquidity of SJLI's financial assets at June 30, 2024 and 2023 to cover operating expenses for the next fiscal year:

	2024	2023
Cash and cash equivalents	\$ 2,105,804	\$ 5,447,788
Investments	2,360,205	316,792
Grants and contributions receivable	25,000	250,680
Government contracts receivable	225,000	262,517
Current Availability of Financial Assets	\$ 4,716,009	\$ 6,277,777

Note 4—Investments and Fair Value

In determining the fair value of assets and liabilities | investments, SJLI utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. SJLI determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to SJLI at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

SJLI may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by SJLI to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. SJLI had no assets or liabilities classified at NAV as a practical expedient during the years ended June 30, 2024 and 2023.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2024 and 2023 consist of investments in fixed income funds and mutual funds, which are considered to have Level 1 inputs.

Return on investments for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Realized and unrealized gains	\$ 77,632	\$ 6,477
Investment Return, Net	77,632	6,477
Interest and dividends	85,707	9,415
Total Return on Investments	<u>\$ 163,339</u>	<u>\$ 15,892</u>

Note 5—Operating Leases

In September 2020, SJLI agreed to a new addendum to extend their preexisting lease in Inglewood, California, which now expires in September 2025, with an annual cost of living increase with each respective year. The balance of the operating lease right-of-use asset and operating lease liability amounted to \$67,125 and \$71,295, respectively, at June 30, 2024. The balance of the operating lease right-of-use asset and operating lease liability amounted to \$118,992 and \$124,497, respectively, at June 30, 2023. The total expense under this lease agreement for the years ended June 30, 2024 and 2023 is \$54,852 and \$54,852, respectively.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 5— Operating Leases—Continued

Future minimum annual rental commitments for this lease are as follows:

<u>Year Ending June 30,</u>		
2025	\$	58,092
2026		<u>14,643</u>
	Total Gross Payments	72,735
Less effect of discounting at 3%		<u>(1,440)</u>
	Total	\$ <u>71,295</u>

Additionally, SJLI leases facilities in Antelope Valley and Houston, and supportive housing space in Inglewood, on a monthly basis. Rent expense related to these facilities amounted to \$15,776 and \$87,287 for the years ended June 30, 2024 and 2023, respectively.

Note 6—Property and Equipment, Net

Net property and equipment at June 30, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Vehicles	\$ 124,898	\$ 124,898
Leasehold improvements	115,071	115,071
Equipment	<u>97,587</u>	<u>97,587</u>
Total Property and Equipment	337,556	337,556
Less accumulated depreciation and amortization	<u>(286,800)</u>	<u>(262,682)</u>
Net	\$ <u>50,756</u>	\$ <u>74,874</u>

Depreciation expense amounted to \$24,118 and \$28,639, respectively, for the years ended June 30, 2024 and 2023.

Note 7—Note Receivable

On August 20, 2022, SJLI and another nonprofit corporation Venice Community Housing, formed Creating Thriving Communities, LLC (LLC), with both entities being 50% members in the newly formed LLC. The purpose of the LLC was to acquire property in Inglewood that will house SJLI's new headquarters and program activities while also offering affordable housing for program participants and local residents. On September 21, 2022, the LLC purchased property from an unrelated party for a total purchase price of \$6,800,000. The purchase was financed through an acquisition loan from Affordable Housing Initiative, LLC in the amount of \$5,100,000 plus an unsecured note receivable from SJLI to the LLC in the amount of \$1,700,000. Additionally, a predevelopment loan was obtained from the Genesis LA Economic Growth Corporation in the amount of \$2,500,000. The note receivable is expected to be paid back to SJLI during the year ending June 30, 2026, after construction commences, which will require reinvestment of those funds back into the construction project to help pay for the related construction costs.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 8—Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Building purchase	\$ 2,100,000	\$ 2,100,000
Fem the Future		67,019
Subject to time restrictions:		
Educational Equity	637,500	
Food Equity	250,000	
General operations	175,000	200,000
Policy and advocacy	90,000	75,000
Totals	<u>\$ 3,252,500</u>	<u>\$ 2,442,019</u>

Net assets released from donor restrictions for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions:		
Fem the Future	\$ 67,019	\$ 82,981
Educational Equity		867,616
Satisfaction of passage of time:		
General operations	375,000	200,000
Policy and advocacy	165,000	
Educational Equity	137,500	150,000
Food Equity	50,000	
Totals	<u>\$ 794,519</u>	<u>\$ 1,300,597</u>

Note 9—Subsequent Events

Management evaluated all activities of Social Justice Learning Institute through May 24, 2025, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.