

**Audited Financial Statements**

**Social Justice Learning Institute**

**June 30, 2020 and 2019**

Quigley & Miron

**Social Justice Learning Institute**  
**Audited Financial Statements**  
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**June 30, 2020 and 2019**

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## **Independent Auditor's Report**

Board of Directors  
**Social Justice Learning Institute**  
Inglewood, California

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, 2020 and 2019, 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.

### **Auditor's 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of Social Justice Learning Institute as of June 30, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Quigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California  
June 14, 2021

**Social Justice Learning Institute  
Statements of Financial Position  
June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,795,373	\$ 1,147,413
Restricted cash held for purchase of building	2,100,000	
Grants and contributions receivable	500	567,500
Government contracts receivable	52,012	68,188
Prepaid expenses	4,131	47
Property, net—Note 4	180,165	118,216
	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<b><u>\$ 5,132,181</u></b>	<b><u>\$ 1,901,364</u></b>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 173,207	\$ 103,051
	<u>                    </u>	<u>                    </u>
<b>Total Liabilities</b>	<b>173,207</b>	<b>103,051</b>
 <b>Net Assets</b>		
Without donor restrictions	2,204,868	321,036
With donor restrictions—Note 6	2,754,106	1,477,277
	<u>                    </u>	<u>                    </u>
<b>Total Net Assets</b>	<b><u>4,958,974</u></b>	<b><u>1,798,313</u></b>
	<u>                    </u>	<u>                    </u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 5,132,181</u></b>	<b><u>\$ 1,901,364</u></b>

See notes to the financial statements.

**Social Justice Learning Institute**  
**Statements of Activities**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating Activities</b>		
<b>Net Assets Without Donor Restrictions</b>		
Revenue, support, and other income		
Grants and contributions	\$ 1,914,762	\$ 380,519
Government contracts	438,479	705,460
Government grants	300,000	
Other income	22,750	7,339
Net assets released from restrictions	2,068,031	1,207,909
	<hr/>	<hr/>
<b>Total Revenue, Support, and Other Income</b>	<b>4,744,022</b>	<b>2,301,227</b>
<b>Expenses</b>		
Program services	2,147,756	1,603,528
General and administrative	456,266	379,067
Fundraising	256,168	234,522
	<hr/>	<hr/>
<b>Total Expenses</b>	<b>2,860,190</b>	<b>2,217,117</b>
<b>Increase in Net Assets Without Donor Restrictions</b>	<b>1,883,832</b>	<b>84,110</b>
<b>Net Assets With Donor Restrictions</b>		
Grants and contributions	3,069,860	1,603,073
Government grants	275,000	
Net assets released from restrictions	(2,068,031)	(1,207,909)
	<hr/>	<hr/>
<b>Increase in Net Assets With Donor Restrictions</b>	<b>1,276,829</b>	<b>395,164</b>
<b>Change in Net Assets from Operations</b>	<b>3,160,661</b>	<b>479,274</b>
<b>Nonoperating Activities</b>		
Gain on disposal of property		2,100
	<hr/>	<hr/>
<b>Total Nonoperating Activities</b>		<b>2,100</b>
<b>Change in Net Assets</b>	<b>3,160,661</b>	<b>481,374</b>
<b>Net Assets at Beginning of Year</b>	<b>1,798,313</b>	<b>1,316,939</b>
	<hr/>	<hr/>
<b>Net Assets at End of Year</b>	<b><u>\$ 4,958,974</u></b>	<b><u>\$ 1,798,313</u></b>

See notes to financial statements.

Social Justice Learning Institute  
Statement of Functional Expenses  
Year Ended June 30, 2020

	Program Services				Support Services		
	Educational Equity	Health Equity	Policy and Advocacy	Total	General and Administrative	Fundraising	Total
Salaries	\$ 604,632	\$ 221,586	\$ 195,736	\$ 1,021,954	\$ 130,123	\$ 173,177	\$ 1,325,254
Employee benefits	23,585		163	23,748	33,665	623	58,036
Payroll taxes	59,347	18,181	8,552	86,080	12,907	11,032	110,019
<b>Total Personnel Expenses</b>	<b>687,564</b>	<b>239,767</b>	<b>204,451</b>	<b>1,131,782</b>	<b>176,695</b>	<b>184,832</b>	<b>1,493,309</b>
Advertising and promotion	886	1,133		2,019		12,294	14,313
Awards and grants	9,847			9,847		2,200	12,047
Bank charges	20			20	9,493		9,513
Catering and meeting expense	27,708	4,373	958	33,039	2,068	2,563	37,670
Communications expense						3,664	3,664
Depreciation	21,292			21,292	25,706		46,998
Dues and subscriptions	386			386	940		1,326
Equipment rental and maintenance	164		1,503	1,667	9,430		11,097
Events and honoraria	43,400	30,454	4,724	78,578	4,618	1,089	84,285
Insurance	9,216	5,530	1,843	16,589	1,843		18,432
Internet and web hosting			675	675			675
Occupancy	80,790	11,005	1,549	93,344	7,343	3,152	103,839
Office expense	14,034	9,822	5,123	28,979	19,957	3,785	52,721
Postage	11			11	1,153	494	1,658
Printing	6,823	3,567	295	10,685	1,199	600	12,484
Professional fees	198,899	18,990	100,794	318,683	145,473	20,243	484,399
Program supplies	114,108	19,274	44,901	178,283	379	8,495	187,157
Public relations			120	120			120
Repairs and maintenance	4,518	15,749	338	20,605	31,112		51,717
Software and licensing	49,154	8,402	4,700	62,256	4,807	8,290	75,353
Taxes and licenses	127			127	4	2,311	2,442
Telephone	8,993	2,968	2,935	14,896	1,316	758	16,970
Travel	100,697	8,087	6,408	115,192	11,648	857	127,697
Utilities	6,525	1,890	266	8,681	1,082	541	10,304
<b>Total Expenses</b>	<b>\$ 1,385,162</b>	<b>\$ 381,011</b>	<b>\$ 381,583</b>	<b>\$ 2,147,756</b>	<b>\$ 456,266</b>	<b>\$ 256,168</b>	<b>\$ 2,860,190</b>

See notes to financial statements.

**Social Justice Learning Institute  
Statement of Functional Expenses  
Year Ended June 30, 2019**

	Program Services				Support Services		
	Educational Equity	Health Equity	Policy and Advocacy	Total	General and Administrative	Fundraising	Total
Salaries	\$ 342,997	\$ 261,891	\$ 133,996	\$ 738,884	\$ 90,094	\$ 148,213	\$ 977,191
Employee benefits	20,339	15,530	7,946	43,815	5,342	8,789	57,946
Payroll taxes	27,759	21,195	10,844	59,798	7,291	11,995	79,084
<b>Total Personnel Expenses</b>	<b>391,095</b>	<b>298,616</b>	<b>152,786</b>	<b>842,497</b>	<b>102,727</b>	<b>168,997</b>	<b>1,114,221</b>
Advertising and promotion		3,068	220	3,288	225	9,035	12,548
Awards and grants	1,950			1,950		3,550	5,500
Bank charges	50	31	19	100	8,306	21	8,427
Catering and meeting expense	48,083	11,218	1,407	60,708	10,893	82	71,683
Depreciation	11,269			11,269	13,605		24,874
Dues and subscriptions					1,652		1,652
Equipment rental and maintenance	1,617	4,640		6,257	4,895		11,152
Events and honoraria	155,661	24,712	13,130	193,503	921	1,697	196,121
Insurance	8,577	5,146	1,715	15,438	1,715		17,153
Internet and web hosting						1,289	1,289
Occupancy	14,827	18,071		32,898	27,032		59,930
Office expense	9,488	924	945	11,357	35,964	487	47,808
Postage	16			16	1,723	4	1,743
Printing		6,187		6,187	8,228		14,415
Professional fees	112,107	43,655	49,425	205,187	59,183	31,480	295,850
Program supplies	37,214	18,309	623	56,146	27,732	7,713	91,591
Public relations						256	256
Repairs and maintenance					26,735		26,735
Software and licensing	8,572			8,572	14,441	7,716	30,729
Tax and licenses		334		334	66	150	550
Telephone	2,536	5,478		8,014	11,285		19,299
Travel	120,910	5,960	4,748	131,618	16,810	2,045	150,473
Utilities	52	8,137		8,189	4,929		13,118
<b>Total Expenses</b>	<b>\$ 924,024</b>	<b>\$ 454,486</b>	<b>\$ 225,018</b>	<b>\$ 1,603,528</b>	<b>\$ 379,067</b>	<b>\$ 234,522</b>	<b>\$ 2,217,117</b>

See notes to financial statements.



**Social Justice Learning Institute**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 3,160,661	\$ 481,374
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	46,998	24,874
Gain on disposal of property		(2,100)
(Increase) decrease in operating assets:		
Grants and contributions receivable	567,000	210,927
Government contracts receivable	16,176	(14,907)
Prepaid expenses	(4,084)	3,809
Increase in operating liabilities:		
Accounts payable and accrued expenses	70,156	65,426
	<u>3,856,907</u>	<u>769,403</u>
<b>Net Cash Provided by Operating Activities</b>	<b>3,856,907</b>	<b>769,403</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property	(108,947)	(24,115)
Proceeds from sale of property		2,781
	<u>(108,947)</u>	<u>(21,334)</u>
<b>Net Cash Used in Investing Activities</b>	<b>(108,947)</b>	<b>(21,334)</b>
<b>Net Increase in Cash, Cash Equivalents, and Restricted Cash</b>	<b>3,747,960</b>	<b>748,069</b>
<b>Cash, Cash Equivalents, and Restricted Cash at Beginning of Year</b>	<u>1,147,413</u>	<u>399,344</u>
<b>Cash, Cash Equivalents, and Restricted Cash at End of Year</b>	<u>\$ 4,895,373</u>	<u>\$ 1,147,413</u>
<b>Supplemental Disclosures</b>		
Income taxes paid	<u>\$</u>	<u>\$</u>
Interest paid	<u>\$</u>	<u>\$</u>

See notes to financial statements.

**Social Justice Learning Institute**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**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.

The disproportionately negative impacts resulting from Covid-19 and the continued unjustified killings of African Americans makes clear the need for a more just and equitable society for all people. SJLI has been at the forefront of social and racial justice for young people and communities of color for more than 12 years. We utilize education as a tool for civic and social empowerment, create thriving communities and change systems and policies by delivering impactful programs, creating leadership opportunities and lifting up the voice of those who are often not heard. Our programs bring together youth development, community health and systems change. We do this through our youth and community programming embedded in schools, parks and community centers.

Established in Inglewood, California in 2008, 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 Youth Through Education*—SJLI uses education as a tool to empower youth of color to succeed as scholars, express themselves creatively and unlock their ability to transform their world. SJLI provides culturally relevant teaching, curriculum development and academic support through a social justice lens. SJLI provides tools and skills for youth to express themselves creatively and to take control of telling their own stories. SJLI creates pipelines for young men of color to pursue careers in the Allied Health and Medical fields. SJLI teaches youth to advocate for themselves and their communities. SJLI provides residents with knowledge to improve health outcomes for themselves and their community.

*Creating Thriving Communities*—SJLI works to transform neighborhood conditions by improving access to affordable, healthy food and empowering residents with knowledge to create the changes that they want to see in their communities. SJLI grows and distributes high-quality produce in areas that lack access to affordable, healthy food. SJLI introduced and continues to manage the first farmers' market in the city of Inglewood. SJLI teaches residents to grow their own food and work with them to maintain a network of 112 home, school and community gardens.

*Changing Systems*—SJLI builds capacity for community members to identify and rectify injustice and to advocate for their needs at the city, county and state level. SJLI builds youth leaders and supports them in efforts to address issues impacting their communities. SJLI convenes a group of local community advocates to identify solutions for environmental and health disparities in Inglewood. SJLI anchors a coalition of residents, businesses, community and faith organizations advocating for housing justice for Inglewood. SJLI privileges the voice of community members, who inform and lead SJLI's research and advocacy efforts.

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 1—Organization—Continued**

Program accomplishments during the year ended June 30, 2020 include the following:

*Empowering Youth Through Education Program Highlights and Achievements*

*Urban Scholars*—A well-researched and evidence-based program changing the life trajectories of youth of color by increasing academic literacy, self-awareness, understanding of community conditions, and other skills development resulting in high school graduation, college acceptance and or gainful employment. The Urban Scholars program supports youth of color by providing them with the tools needed to achieve academic success and transform conditions in their communities. Programming includes individualized academic planning; Youth Participatory Action Research projects; college and career tours; and retreats. During the 2019-2020 school year, SJLI's Urban Scholars program served students at a total of 21 school sites, 17 in partnership with five (5) school districts in Los Angeles County (Los Angeles, Inglewood, Compton, Long Beach, Antelope Valley) and 4 school sites under a professional services agreement with the City of Houston and the Houston Health Department in Harris County, Texas.

Across all sites, Urban Scholars graduated at a rate of 96%. A majority (82%) of the students pursue an education or career path: 44% pursue a post-secondary education, while another 38% pursue a career or vocation. Furthermore, SJLI continued to build upon its efforts to support Urban Scholars alumni on their journeys in college and the workforce by connecting them to resources related to academic success, tuition, and housing.

In the spirit of building youth leaders and agents of social change, the leadership cycle came full circle when SJLI hired two of its Urban Scholars alumni to serve on the Educational Equity team as Program and Curriculum Coach and Academic and Career Service Coordinator.

*Educational Partnerships*—SJLI continued to serve as an organizational program partner for two initiatives focused on improving educational outcomes for young men of color: California Community Foundation's *Building a Lifetime of Options and Opportunities for Men (BLOOM) Initiative*, which redirects the lives of young system-involved Black males; and JPMorgan Chase's *The Fellowship Initiative*, which supports Black and Latino young men's academic success.

In 2019, the California Community Foundation turned over the BLOOM Initiative to the original community partners Social Justice Learning Institute and Brotherhood Crusade. Becoming a Man, a program of Youth Guidance was selected to join SJLI and Brotherhood Crusade with this effort to form the BLOOM Alliance. The three BLOOM Alliance partner organizations -- Brotherhood Crusade (BHC), Social Justice Learning Institute and Becoming A Man are ideally suited to continue and expand the mission set out by BLOOM. The BLOOM Alliance continues to provide services and achieve positive outcomes for young boys and men of color throughout Los Angeles County.

*Healthy Eating Active Living*—SJLI continues to transform the built environment and creates systems change through its Health Eating and Active Living (HEAL) Initiative. With support from the Los Angeles County Department of Public Health, SJLI provides a robust series of activities encouraging healthy lifestyle habits, and educating residents on nutrition, physical fitness and gardening.

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 1—Organization—Continued**

*Creating Thriving Communities Program Highlights and Achievements*

*Food for Thought Produce Pickup*—SJLI continues to collaborate with the Inglewood Unified School District and Food Forward to present *Food for Thought*, a free monthly produce pick-up at Morningside High School. Food Forward works with wholesale markets to recover high quality produce that would have otherwise been unnecessarily disposed of, and works with SJLI to distribute produce to the community. In 2020, SJLI doubled its food distribution efforts and increased to weekly food distribution to Inglewood families, in response to increased food insecurity as a result of the Covid-19 pandemic.

*Changing Systems Program Highlights and Achievements*

SJLI's theory of social action asserts that education empowers communities and its residents to identify community inequities and injustices and providing them with the opportunity to create system change. This year, SJLI worked with students and community members fostering significant changes in a number of areas.

*Boys and Men of Color Advocacy*—As an active member of the Brothers, Sons, Selves (BSS) Coalition, which advocates for alternatives to suspensions and the decriminalization of youth and communities of color; SJLI engaged youth leaders in skills-building in advocacy and organizing. BSS was responsible for the passage of the State's AB 392 and SB 419 and youth development efforts with the LA Board of Supervisors. SJLI continues its work with the California Funders for Boys and Men of Color (CFBMoC) to improve youth diversion and development efforts across the state.

*Racial and Social Justice*—The United States and the world rose up to condemn police violence and affirm the sanctity of Black lives. True to its mission, SJLI responded to the urges of our community members (both young and old alike) who called for action in reaction to the numerous acts of violence against Black people. After meeting with a group of young people in early May 2020, SJLI initiated a new project, the Youth Justice Fellowship. This project will provide young people ages 18-24 with the opportunity to learn, study and research various issues and identifying policy and system changes that will positively impact the community. Another unanticipated consequence of the world's focus on equity and justice resulted in a dramatic increase in individuals, corporations and foundations initiating contact with SJLI to find out ways to support our work.

*Public Health and Environmental Justice*—SJLI continues its strong track record to engage community members and activate spaces providing residents and youth with information and ways to educate themselves in approaches and methods that improve neighborhood conditions. SJLI continued its work with the non-profit TreePeople, to conduct community presentations, WaterTalks, to generate and increase community involvement in planning a sustainable water future for California. SJLI also continued its partnership with the Liberty Hill Foundation as a key partner in the emPower program, which connects low-income residents in economically vulnerable communities to more than 60 money- and energy-saving programs, including ratepayer incentives, energy efficiency upgrades, solar and clean vehicle rebates.

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 1—Organization—Continued**

*Housing Justice*—As the anchor organization for a local housing justice coalition, SJLI helped facilitate this community-led effort addressing gentrification, displacement, and housing insecurity in Inglewood and throughout Los Angeles County. The Coalition built and deepened relationships with key stakeholders and critical message carriers, successfully built support among youth, residents, property owners and community leaders and educated homeowners, block clubs and residents about the complexities of housing issues. Community members became more involved in educational outreach efforts, and, as a result of this work, Inglewood City Council first adopted a temporary, and then a permanent, rent stabilization ordinance. This was the first rent stabilization ordinance passed in Los Angeles County in a generation. Uplift Inglewood was also primarily responsible for advocacy that resulting in the \$100 million dollar Community Benefits Agreement that was negotiated between the LA Clippers and the City of Inglewood. This agreement provides for services and activities ranging from a new Community and Library Center to an Educational Fund to funds to support affordable housing.

*Response to Covid-19*

In large part, SJLI's impact is due to our ability to attentively listen to those community members and young people we serve. Since our founding, we are continually responsive to meeting community needs. SJLI's response to the Covid-19 pandemic is no different. Being proactive, SJLI developed an online Covid-19 Basic Needs Intake form to provide community members with the ability to request direct financial assistance, access to services, referrals, and much needed PPE supplies and technology such as laptop computers and wi-fi hotspots. In addition, we doubled our bi-monthly Food for Thought produce pick-ups in Inglewood to weekly distributions feeding over 800 children and family members. Furthermore, in partnership with 17 food hunger relief agencies serving families and individuals experiencing food insecurity; 16,000 pounds of produce is distributed throughout South Los Angeles weekly. Similarly, to ensure program continuity and in accordance with the Safety-at-Home County mandates; SJLI pivoted and converted its community and school-based educational programs and activities onto virtual and online platforms.

Without a doubt, during the past year, communities of color have disproportionately been impacted by Covid-19. Throughout this health and educational crisis, SJLI has been responding to some of Los Angeles County's most vulnerable students and their families by adapting its school-based programs and providing direct services and much needed resources including laptops, grocery cards, PPE, meals, food, utilities and rental assistance.

As SJLI moves forward into its second decade of serving the community, SJLI will continue to proactively and strategically plan to achieve its mission and successfully implement its programs. The events of 2019-2020 have tested the organization and we have come through stronger, more resilient, and even more committed to making the difference in the lives of the people we have the honor and privilege of serving.

SJLI's principal funding sources are government contracts, foundation grants, and individual and corporate contributions.

## **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.

### Recently Adopted Accounting Principles

Cash Classification—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities are required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one line item. SJLI has adopted ASU No. 2016-18 on a retrospective basis for the year ended June 30, 2020 and has adjusted the presentation of the financial statements accordingly.

Contributions—In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope of the accounting guidance for contributions received and contributions made. The clarifications and improved scope assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions, and 2) determining whether a contribution is conditional. The clarified guidance applies to all entities that receive or make contributions (grants). ASU No. 2018-08 has been adopted by SJLI for the year ended June 30, 2020, however, the retrospective approach requires that organizations reflect the effect of the new guidance in the earliest year presented in the

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies—Continued**

financial statements. SJLI has determined that adopting ASU No. 2018-08 has had no material effect on the financial statements.

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 program services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature; SJLI did not engage in any reportable nonoperating activities during the years ended June 30, 2020 and 2019.

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, 2020 and 2019. 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.

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, 2020:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,795,373	\$ 1,147,413
Restricted cash held for purchase of building	2,100,000	
<b>Total Cash, Cash Equivalents, and Restricted Cash</b>	<b><u>\$ 4,895,373</u></b>	<b><u>\$ 1,147,413</u></b>

Furniture and Equipment—Furniture and equipment are 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. Furniture and equipment are valued at cost or the fair market at the date of donation. SJLI provides for depreciation and amortization of furniture and equipment on a straight-line basis over the estimated useful lives of five years.

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies—Continued**

Concentrations of Credit Risk—Financial instruments which potentially subject SJLI to concentrations of credit risk consist of cash and cash equivalents and grants and contributions receivable. SJLI places its cash, money market funds and certificates of deposit with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, such cash and cash equivalent balances may be in excess of the FDIC insurance limits, however, it is the intention of SJLI to ensure that these balances do not exceed FDIC-guaranteed levels. Management regularly reviews the financial stability of its cash depositories and deems the risk of credit loss due to these concentrations to be minimal.

Grants and Contributions Receivable—Grants and contributions receivable consist of balances from local foundations. SJLI has determined that no allowance for potential losses due to uncollectible receivables is necessary at June 30, 2020 and 2019.

Government Contracts Receivable—Government contracts receivable consist 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 potential losses due to uncollectible receivables is necessary at June 30, 2020 and 2019.

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.

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

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, payroll taxes, advertising and promotion, awards and grants, bank charges, catering and meeting expense, depreciation, dues and subscriptions, equipment rental and maintenance, events and honoraria, insurance, internet and web hosting, occupancy, office expense, postage, printing, professional fees, program supplies, public relations, repairs and maintenance, software and licensing, taxes and licenses, telephone, travel, and utilities are allocated on the basis of estimates of time and effort.

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.



**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**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, 2020 and 2019 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$ 2,141,267
Grants and contributions receivable	500
Government contracts receivable	52,012
	<hr/>
<b>Current Availability of Financial Assets</b>	<b><u><u>\$ 2,193,779</u></u></b>

**Note 4—Property, Net**

Net property at June 30, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 115,071	\$ 115,071
Equipment	66,721	44,265
Vehicles	124,898	38,407
	<hr/>	<hr/>
	<b>Gross 306,690</b>	<b>197,743</b>
Less accumulated depreciation and amortization	(126,525)	(79,527)
	<hr/>	<hr/>
	<b>Net \$ 180,165</b>	<b>\$ 118,216</b>

Depreciation and amortization expense amounted to \$46,998 and \$24,874 for the years ended June 30, 2020 and 2019, respectively. During the year ended June 30, 2019, SJLI disposed of a vehicle with a net book value of \$681 for \$2,781 cash, resulting in a gain on disposal of property of \$2,100.

**Note 5—Commitments and Contingencies**

In September 2015, SJLI entered into a one-year operating lease for its headquarter facility. An addendum was agreed to which ran through August 2020, and provided for annual cost of living increases with each respective year. In September 2020, SJLI agreed to a new addendum to extend the lease through September 2025, with annual cost of living increases with each respective year. Rent expense related to the leased headquarter facility amounted to \$49,292 and \$44,294 for the years ended June 30, 2020 and 2019, respectively.

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 5—Commitments and Contingencies—Continued**

The future minimum annual lease commitment is as follows:

<u>Year Ending June 30,</u>		
2021	\$	46,701
2022		52,557
2023		53,442
2024		55,257
2025		57,132
Thereafter		<u>14,643</u>
	<b>Total</b>	<b><u>\$ 279,732</u></b>

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 \$52,907 and \$14,827 for the years ended June 30, 2020 and 2019, respectively.

**Note 6—Net Assets**

Net assets with donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Building purchase	\$ 2,100,000	\$ 1,340,511
Educational Equity	579,106	
Boys and Men of Color	75,000	
Health Equity		19,350
Housing		15,000
Policy and advocacy		20,833
Subject to time restrictions		<u>81,583</u>
<b>Totals</b>	<b><u>\$ 2,754,106</u></b>	<b><u>\$ 1,477,277</u></b>

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 6—Net Assets—Continued**

Net assets released from donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions		
Educational Equity	\$ 1,864,598	\$ 1,159,499
Policy and advocacy	77,500	4,167
Boys and Men of Color	25,000	
School garden		23,076
Health Equity	19,350	8,750
Housing		5,000
Satisfaction of passage of time	81,583	7,417
<b>Totals</b>	<b><u>\$ 2,068,031</u></b>	<b><u>\$ 1,207,909</u></b>

**Note 7—Recent Accounting Pronouncements**

Revenue Recognition—In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. 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. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted for fiscal years beginning after December 15, 2016. The guidance permits the use of either a retrospective or cumulative effect transition method. SJLI is evaluating whether this will have a material impact on its financial statements.

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for non-profit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. SJLI is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 8—Risks and Uncertainties**

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. SJLI has continued to conduct its activities, primarily on a remote basis, and to monitor the ongoing impact of the pandemic response on its overall operations. At the time of this reporting, the cumulative financial impact of the pandemic on SJLI, if any, cannot be fully determined, therefore no related adjustment has been made to these financial statements.

**Note 9—Subsequent Events**

Management evaluated all activities of Social Justice Learning Institute through June 14, 2021, which is the date the financial statements were available to be issued, and concluded that, other than the new lease addendum described in Note 5, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.