

Audited Financial Statements



June 30, 2021 and 2020

Quigley & Miron

Social Justice Learning Institute
Audited Financial Statements
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June 30, 2021 and 2020

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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, 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.

Auditor's Responsibility

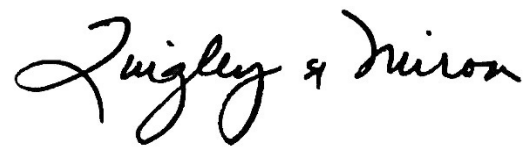
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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, 2021 and 2020, 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 "Ziegler & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
May 7, 2022

Social Justice Learning Institute
Statements of Financial Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 3,175,144	\$ 2,795,373
Restricted cash held for purchase of building	2,100,000	2,100,000
Grants and contributions receivable	487,331	500
Government contracts receivable	44,757	52,012
Prepaid expenses	11,981	4,131
Property, net—Note 4	148,313	180,165
Total Assets	<u>\$ 5,967,526</u>	<u>\$ 5,132,181</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 280,242	\$ 173,207
Total Liabilities	280,242	173,207
 Net Assets		
Without donor restrictions	2,988,536	2,204,868
With donor restrictions—Note 6	2,698,748	2,754,106
Total Net Assets	<u>5,687,284</u>	<u>4,958,974</u>
Total Liabilities and Net Assets	<u>\$ 5,967,526</u>	<u>\$ 5,132,181</u>

See notes to the financial statements.

Social Justice Learning Institute
Statements of Activities
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Net Assets Without Donor Restrictions		
Revenue, support, and other income		
Grants and contributions	\$ 3,121,523	\$ 1,914,762
Government contracts	536,838	438,479
Government grants		300,000
Other income	22,014	22,750
Net assets released from restrictions	812,689	2,068,031
	<u>4,493,064</u>	<u>4,744,022</u>
Total Revenue, Support, and Other Income	4,493,064	4,744,022
Expenses		
Program services	2,486,799	2,147,756
General and administrative	729,098	456,266
Fundraising	493,499	256,168
	<u>3,709,396</u>	<u>2,860,190</u>
Total Expenses	3,709,396	2,860,190
Increase in Net Assets Without Donor Restrictions	783,668	1,883,832
Net Assets With Donor Restrictions		
Grants and contributions	423,998	3,069,860
Government grants	333,333	275,000
Net assets released from restrictions	(812,689)	(2,068,031)
	<u>(55,358)</u>	<u>1,276,829</u>
Increase (Decrease) in Net Assets With Donor Restrictions	(55,358)	1,276,829
Change in Net Assets	728,310	3,160,661
Net Assets at Beginning of Year	<u>4,958,974</u>	<u>1,798,313</u>
Net Assets at End of Year	<u><u>\$ 5,687,284</u></u>	<u><u>\$ 4,958,974</u></u>

See notes to financial statements.

Social Justice Learning Institute
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services					Support Services		
	Educational Equity	Health Equity	Policy and Advocacy	Fem the Future	Total	General and Administrative	Fundraising	Total
Salaries	\$ 941,571	\$ 232,172	\$ 290,770	\$ 5,539	\$ 1,470,052	\$ 184,956	\$ 342,651	\$ 1,997,659
Employee benefits	77,241	19,275	15,309	18	111,843	30,592	23,044	165,479
Payroll taxes	81,031	19,735	20,993	587	122,346	7,984	27,268	157,598
Total Personnel Expenses	1,099,843	271,182	327,072	6,144	1,704,241	223,532	392,963	2,320,736
Advertising and promotion	2,000	3,141	2,000		7,141	2	10,861	18,004
Awards and grants	22,238				22,238	1,000	11,385	34,623
Bank charges	2,140	388	439	70	3,037	8,842	585	12,464
Catering and meeting expense	7,664	2,084		2,373	12,121	2,818	190	15,129
Communications expense							300	300
Depreciation	28,414				28,414	34,304		62,718
Dues and subscriptions	386				386	2,959		3,345
Equipment rental and maintenance	436	2,791			3,227	8,371		11,598
Events and honoraria	36,732	13,265	8,689		58,686		5,900	64,586
Insurance	13,197	7,919	2,639		23,755	2,639		26,394
Internet and web hosting		1,349	1,290		2,639			2,639
Occupancy	64,046		11,250		75,296	46,279		121,575
Office expense	10,297	13	820		11,130	7,117	550	18,797
Postage	613			26	639	1,762	525	2,926
Printing						2,150	4,938	7,088
Professional fees	221,906	22,546	45,880	36,072	326,404	298,836	33,025	658,265
Program supplies	72,259	40,879	27,655		140,793	12,861	6,547	160,201
Public relations	6,750		4,000		10,750		25,550	36,300
Repairs and maintenance	125	2,120			2,245	12,826		15,071
Software and licensing	21,707		1,253		22,960	19,274	180	42,414
Taxes and licenses		6,375			6,375	180		6,555
Telephone	414		380		794	23,106		23,900
Travel	17,926	3,751	11		21,688	11,501		33,189
Utilities	1,840				1,840	8,739		10,579
Total Expenses	\$ 1,630,933	\$ 377,803	\$ 433,378	\$ 44,685	\$ 2,486,799	\$ 729,098	\$ 493,499	\$ 3,709,396

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
Total Personnel Expenses	687,564	239,767	204,451	1,131,782	176,695	184,832	1,493,309
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
Tax 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
Total Expenses	\$ 1,385,162	\$ 381,011	\$ 381,583	\$ 2,147,756	\$ 456,266	\$ 256,168	\$ 2,860,190

See notes to financial statements.

Social Justice Learning Institute
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 728,310	\$ 3,160,661
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	62,718	46,998
(Increase) decrease in operating assets:		
Grants and contributions receivable	(486,831)	567,000
Government contracts receivable	7,255	16,176
Prepaid expenses	(7,850)	(4,084)
Increase in operating liabilities:		
Accounts payable and accrued expenses	107,035	70,156
	<u>410,637</u>	<u>3,856,907</u>
Net Cash Provided by Operating Activities	410,637	3,856,907
Cash Flows from Investing Activities		
Purchases of property	(30,866)	(108,947)
	<u>(30,866)</u>	<u>(108,947)</u>
Net Cash Used in Investing Activities	(30,866)	(108,947)
Net Increase in Cash, Cash Equivalents, and Restricted Cash	379,771	3,747,960
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>4,895,373</u>	<u>1,147,413</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u><u>\$ 5,275,144</u></u>	<u><u>\$ 4,895,373</u></u>
Supplemental Disclosures		
Income taxes paid	<u><u>\$</u></u>	<u><u>\$</u></u>
Interest paid	<u><u>\$</u></u>	<u><u>\$</u></u>

See notes to financial statements.

Social Justice Learning Institute
Notes to Financial Statements
June 30, 2021 and 2020

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.

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 growing network of over 100 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.

During the year ended June 30, 2021, SJLI experienced significant growth, both programmatically and financially. SJLI's staff increased to a total of 32 team members. Most notably, by the end of the 2021 fiscal year, SJLI's budget increased to a total of \$4,382,275.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Program accomplishments during the year ended June 30, 2021 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 2020--2021 school year, SJLI expanded to serve students in seven school districts combined in both California and Texas. In Los Angeles County, SJLI added 10 school sites spread between Los Angeles Unified, Antelope Valley, Compton, Inglewood, and Long Beach for a total of 16 school sites. The 2020-21 school year marked the first full school year Urban Scholars was implemented in the Long Beach and Antelope Valley school districts. This expansion was funded in part by former President Obama's My Brothers' Keeper (MBK) Initiative with matching funds provided by the Los Angeles County Youth Diversion and Development Department.

College Persistence and Alumni Programming—SJLI began planning for more effective and impactful 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. During 2020-21, SJLI developed a staffing plan dedicated to college & career persistence and alumni programming that would roll out in the 2021-22 fiscal year.

Educational Partnerships—SJLI continued to serve as an organizational program partner for a number of initiatives and projects focusing on improving educational outcomes and providing unique opportunities for students.

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Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Educational Partnerships—SJLI continued to serve as an organizational program partner for a number of initiatives and projects focusing on improving educational outcomes and providing unique opportunities for students.

The BLOOM Alliance which redirects the lives of young system-involved Black males is the continuation of the California Community Foundation’s BLOOM Initiative (Building a Lifetime of Options and Opportunities for Men) which began in 2012. CCF turned over the leadership, management, oversight, fundraising and evaluation of the program 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* focused on planning and continuing to serve Black and Brown young men.

JPMorgan Chase’s *The Fellowship Initiative*, which supports Black and Latino young men’s academic success. SJLI was responsible for organizing and supporting the second of a three year cohort of 25 students during a weekly Saturday academy where students receive tutoring, leadership development and mentoring.

During the 2020-21 school year, Antelope Valley high school was selected to participate in a special Speakers Series with former L.A. Lakers player and coach, Byron Scott and renowned businessman Charles Norris. The duo spoke to the students with the intent of building the leadership skills in students by highlighting lessons from their best-selling book, *Slam-Dunk Success*.

SJLI was approached by Apple to participate in a project, Apple Creative Studios Los Angeles during the summer of 2021. As part of a global initiative, Apple Creative Studios launched a program committed to empowering young creators in their home city. With a focus on music and film, this collaboration with Apple along with the Music Forward Foundation and Inner City Arts strived to provide students with world-class industry skills and long-term mentoring. *Made In LA* would immerse participants on a journey to discover new ways of thinking and encourage creativity. Mentors would include Grammy award winning producer, Lawrence Dopson, filmmaker and photographer, Bethany Mollenkoff, and Apple Music Global Editorial Head Ebro Darden.

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. Using a Train the Teacher model, SJLI has trained community residents and conducted classes at community and senior centers, libraries, and schools serving over 2,500 community residents annually. For this year, SJLI taught 163 nutrition education classes and cooking demonstrations, 70 Zumba and Weekly Walking Club sessions and engaged 12 Health Ambassadors (including several of our Urban Scholars alumni) who engaged community members in conversations about ways to improve health outcomes.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Creating Thriving Communities

Food for Thought Produce Pickup—SJLI continued 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. As a result of the Covid-19 pandemic, the *Food for Thought* increased to a weekly produce distribution and changed its venue to Hudnell Elementary school. An estimated 15,375 households were provided with fresh produce assisting a total of 76,875 people.

Changing Systems—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.

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 was selected by the non-profit TreePeople, to conduct community presentations, WaterTalks, to generate and increase community involvement in planning a sustainable water future for California. SJLI was also selected by 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.

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.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Response to the COVID-19 Pandemic

The onset of the global COVID-19 pandemic challenged SJLI to be more thoughtful and innovative in our approaches to creating successful pathways for our Urban Scholars students as well as meeting families, students and residents needs. On March 16, 2020, the new “normal” required SJLI to pivot our mode of services to a virtual environment across all program areas. While it certainly was challenging to navigate the unknown, we were able to maintain consistent contact with our students and the families and residents that we served. SJLI devised a COVID-19 Basic Needs Intake Form to determine what type of assistance was needed by our students, their families and the schools we served. We posted these Basic Needs Intake forms on the SJLI website and provided students and community members instructed our students on how to access it. As we thoroughly analyzed, organized and documented the feedback from those intake forms, we modified our program model in response to COVID-19.

The following list highlights SJLI’s programmatic response to the pandemic:

- SJLI adapted our Urban Scholars Program curriculum into a virtual interactive platform that’s now used during our online classes at all of our 13 school sites.
- SJLI redesigned our yearly 40-hour in person Pre-Service Urban Scholars teacher training to an 18.5 hour online training via zoom.
- SJLI’s Annual College Application Retreat, ordinarily held in person at a venue outside of the city over two days, was converted to several virtual sessions.
- Supported our students by conducting weekly (Non-Medical) Wellness Check-Ins to provide an opportunity for students to share how they were doing in the midst of the pandemic; made referrals to Mental Health Services with Open Paths, SJLI’s mental health services provider; conducted virtual tutoring sessions and school transcript reviews.
- Organized and facilitated three professional development sessions for our Urban Scholars instructors.
- Created a Food Distribution Hub, partnering with 14 other local community based organizations and food programs that deliver fresh produce and take-home meals for children and families. The food hub cohort represents an array of educational, family service, homelessness, senior, food recovery, mutual aid and youth development organizations.

Wondalunch Community Events—In April 2020, SJLI was approached by Congresswoman Maxine Waters office to partner with producer, film and recording artist Janelle Monae and her Wondaland Production Company, and CNN political analyst and attorney, CNN and NPR political analyst Angela Rye on a large-scale community meal Give Away. Initially, SJLI assumed the role of planning logistics, securing the event site and providing volunteers. SJLI has presented a total of five of these events and has expanded these events to include fresh produce in addition to PPE, and other essential supplies, while adding other community partners (the Leela Project and SEE-LA).

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 1—Organization—Continued

The *Wondalunch* events provided: 152,000 pounds of fresh produce, 21,000 meals, 53,200 other foods (dairy and protein boxes), 4,000 units of essential supplies (diapers, book bags, school supplies, PPE), served 7,508 households with an estimated 37,540 individuals, with 319 volunteers.

Response to Black Lives Matter and Freedom Summer

Less than one week after the death of George Floyd, SJLI assembled a group of its students, alumni, and team members for a dialogue and began conversations on ways to respond to the tragedy. The overwhelming sentiment was the need to take some action to tear down the consistent perniciousness of racism and other social structures that discriminate against Black communities. Staying true to our values of listening, empowering and developing agency, SJLI created the Youth Justice Fellowship (YJF). The Youth Justice Fellowship is the mechanism by which SJLI selected a cohort of 10 fellows, who over the course of their year, conducted research, participated in trainings and organized. The planning for this took place in 2020-21 and would take place during the 2021-2022 fiscal year.

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

Recently Adopted Accounting Principles

Restricted Cash—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards 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 financial statements. SJLI has determined that adopting ASU No. 2018-08 has had no material effect on the financial statements.

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. SJLI opted to adopt ASU No. 2014-09 for the year ended June 30, 2021, and noted that there was 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 community and youth social justice 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, 2021 and 2020.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

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, 2021 and 2020. 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,175,144	\$ 2,795,373
Restricted cash held for purchase of building	2,100,000	2,100,000
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 5,275,144</u>	<u>\$ 4,895,373</u>

Property—Property, net consists of vehicles, leasehold improvements, and equipment. Purchased property 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 is 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.

Concentrations of Credit Risk—Financial instruments which potentially subject SJLI to concentrations of credit risk consist of cash and cash equivalents, grants and contributions receivable, and government contracts 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 consist of balances from local foundations. SJLI has determined that no allowance for potential losses due to uncollectible receivables is necessary at June 30, 2021 and 2020.

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, 2021 and 2020.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

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.

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, 2021 and 2020 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$	3,175,144
Grants and contributions receivable		487,331
Government contracts receivable		44,757
		<hr/>
Current Availability of Financial Assets	\$	<u><u>3,707,232</u></u>

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 4—Property, Net

Net property at June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Vehicles	\$ 124,898	\$ 124,898
Leasehold improvements	115,071	115,071
Equipment	<u>97,587</u>	<u>66,721</u>
Total Property	337,556	306,690
Less accumulated depreciation and amortization	<u>(189,243)</u>	<u>(126,525)</u>
Net	<u>\$ 148,313</u>	<u>\$ 180,165</u>

Depreciation expense amounted to \$62,718 and \$46,998 for the years ended June 30, 2021 and 2020, respectively.

Note 5—Commitments and Contingencies

In September 2020, SJLI agreed to a new addendum to extend their preexisting lease through September 2025, with annual cost of living increases with each respective year. Rent expense related to the leased headquarter facility amounted to \$45,441 and \$44,292 for the years ended June 30, 2021 and 2020, respectively.

The future minimum annual lease commitment is as follows:

<u>Year Ending June 30,</u>	
2022	\$ 52,557
2023	53,442
2024	55,257
2025	57,132
2026	<u>14,643</u>
Total	<u>\$ 233,031</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 \$60,933 and \$52,907 for the years ended June 30, 2021 and 2020, respectively.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 6—Net Assets

Net assets with donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Building purchase	\$ 2,100,000	\$ 2,100,000
Uplift Inglewood	57,250	
Educational Equity	54,167	579,106
Boys and Men of Color		75,000
Subject to time restrictions		
Educational Equity	333,333	
General operations	103,998	
Policy and advocacy	50,000	
Totals	<u>\$ 2,698,748</u>	<u>\$ 2,754,106</u>

Net assets released from donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions		
Educational Equity	\$ 624,939	\$ 1,864,598
Boys and Men of Color	75,000	25,000
Policy and advocacy	50,000	77,500
Uplift Inglewood	12,750	
Health Equity		19,350
Satisfaction of passage of time	50,000	81,583
Totals	<u>\$ 812,689</u>	<u>\$ 2,068,031</u>

Note 7—Recent Accounting Pronouncements

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 May 7, 2022, which is the date the financial statements were available to be issued, and concluded no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.