

Audited Financial Statements



June 30, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, 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 that reads "Zwigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
May 26, 2023

**Social Justice Learning Institute
Statements of Financial Position
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 3,583,235	\$ 1,163,772
Restricted cash held for purchase of building	2,100,000	2,100,000
Investments—Note 4	1,971,139	2,011,372
Grants and contributions receivable	740,998	487,331
Government contracts receivable	312,497	44,757
Prepaid expenses	115,516	11,981
Property and equipment, net—Note 5	103,513	148,313
Total Assets	<u>\$ 8,926,898</u>	<u>\$ 5,967,526</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 396,873	\$ 280,242
Total Liabilities	<u>396,873</u>	<u>280,242</u>
Net Assets		
Without donor restrictions	5,412,409	2,988,536
With donor restrictions—Note 7	3,117,616	2,698,748
Total Net Assets	<u>8,530,025</u>	<u>5,687,284</u>
Total Liabilities and Net Assets	<u>\$ 8,926,898</u>	<u>\$ 5,967,526</u>

See notes to the financial statements.

Social Justice Learning Institute
Statements of Activities
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Net Assets Without Donor Restrictions		
Revenue, support, and other income		
Grants and contributions	\$ 6,041,597	\$ 3,121,523
Government contracts	452,662	536,838
Other income	10,804	10,642
Interest and dividends	11,756	7,338
Net assets released from restrictions	1,098,246	812,689
	<u>7,615,065</u>	<u>4,489,030</u>
Total Revenue, Support, and Other Income	7,615,065	4,489,030
Expenses		
Program services	3,654,601	2,486,799
Support services		
General and administrative	868,511	729,098
Fundraising	618,980	493,499
	<u>5,142,092</u>	<u>3,709,396</u>
Total Expenses	5,142,092	3,709,396
Increase in Net Assets Without Donor Restrictions	2,472,973	779,634
Net Assets With Donor Restrictions		
Grants and contributions	1,517,114	423,998
Government grants		333,333
Net assets released from restrictions	(1,098,246)	(812,689)
	<u>418,868</u>	<u>(55,358)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	418,868	(55,358)
Change in Net Assets from Operations	2,891,841	724,276
Nonoperating Activities		
Investment return, net—Note 7	(49,100)	4,034
	<u>(49,100)</u>	<u>4,034</u>
Total Nonoperating Activities	(49,100)	4,034
Change in Net Assets	2,842,741	728,310
Net Assets at Beginning of Year	<u>5,687,284</u>	<u>4,958,974</u>
Net Assets at End of Year	<u><u>\$ 8,530,025</u></u>	<u><u>\$ 5,687,284</u></u>

See notes to financial statements.

Social Justice Learning Institute
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services					Support Services			
	Educational Equity	Health Equity	Policy and Advocacy	Special Projects	Fem the Future	Total	General and Administrative	Fundraising	Total
Salaries	\$ 1,270,811	\$ 274,540	\$ 300,270	\$ 291,247	\$ 80,321	\$ 2,217,189	\$ 174,823	\$ 371,607	\$ 2,763,619
Employee benefits	112,630	21,535	22,018	18,598	1,483	176,264	25,452	33,151	234,867
Payroll taxes	108,721	22,148	23,350	21,337	6,618	182,174	13,814	29,398	225,386
Total Personnel Expenses	1,492,162	318,223	345,638	331,182	88,422	2,575,627	214,089	434,156	3,223,872
Advertising and promotion	2,000	2,983	250			5,233		6,159	11,392
Awards and grants	10,500			1,000		11,500			11,500
Bank charges							4,457		4,457
Catering and meeting expense	48,511	1,945	4,302	1,417		56,175	4,135	12,686	72,996
Depreciation	20,296					20,296	24,504		44,800
Dues and subscriptions	818		265			1,083	1,003		2,086
Equipment rental and maintenance	817	3,612				4,429	13,280		17,709
Events and honoraria	39,187	9,000	76,792	794	585	126,358	30,181	40,222	196,761
Insurance	13,818	8,292	2,763			24,873	2,763		27,636
Occupancy	26,972	7,668	3,000			37,640	56,892		94,532
Office expense	13,805	188		83	153	14,229	14,793	9,543	38,565
Postage	336					336	1,874	2,927	5,137
Printing	18					18	1,245		1,263
Professional fees	385,946	28,338	49,920	7,668	56,159	528,031	217,168	73,341	818,540
Program supplies	37,265	57,147	1,327	2,387	2,656	100,782	43,432	29,098	173,312
Public relations								6,308	6,308
Repairs and maintenance	609	1,128				1,737	12,336		14,073
Software and licensing	14,918				1,809	16,727	23,112	4,176	44,015
Taxes and licenses	516					516	864		1,380
Telephone							41,173		41,173
Travel	81,410	8,781	37,718	991		128,900	149,162	364	278,426
Utilities	111					111	12,048		12,159
Total Expenses	\$ 2,190,015	\$ 447,305	\$ 521,975	\$ 345,522	\$ 149,784	\$ 3,654,601	\$ 868,511	\$ 618,980	\$ 5,142,092

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
Tax 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
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,842,741	\$ 728,310
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	44,800	62,718
Investment (gains) losses	49,100	(4,034)
(Increase) decrease in operating assets:		
Grants and contributions receivable	(253,667)	(486,831)
Government contracts receivable	(267,740)	7,255
Prepaid expenses	(103,535)	(7,850)
Increase in operating liabilities:		
Accounts payable and accrued expenses	116,631	107,035
	<u>2,428,330</u>	<u>406,603</u>
Net Cash Provided by Operating Activities	2,428,330	406,603
Cash Flows from Investing Activities		
Purchases of investments	(8,867)	(2,007,338)
Purchases of property and equipment		(30,866)
	<u>(8,867)</u>	<u>(2,038,204)</u>
Net Cash Used in Investing Activities	(8,867)	(2,038,204)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	2,419,463	(1,631,601)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>3,263,772</u>	<u>4,895,373</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u><u>\$ 5,683,235</u></u>	<u><u>\$ 3,263,772</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>

Social Justice Learning Institute
Notes to Financial Statements
June 30, 2022 and 2021

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 of success for young men of color that starts with programming with middle and high school aged youth, that supports them graduating from high school, some getting into college and others pursuing careers in various fields including the trades, Allied Health and even the 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.

SJLI experienced significant growth both programmatically and financially. SJLI's staff increased to a total of 48 team members by the end of the 2022 fiscal year. Most notably, SJLI's income increased to a total of \$8 million with expenses increasing to \$5.1 million. Preparing for SJLI's second ever strategic planning process in FY23, the various donations and general operating resources that were raised in FY22 yielding \$2.9 million in net operating income provided SJLI's Executive Board the unique opportunity to consider an organizational reserves policy and an investment strategy for the first time in the organization's history.

Program accomplishments during the year ended June 30, 2022 include the following:

Empowering Youth Through Education

Urban Scholars—Our flagship program Urban Scholars is a credit bearing class and program facilitated in schools throughout LA County and Houston, TX and has a primary goal to ensure that young men of color graduate high school and equipped with the life skills and support needed to go on to college, vocational school or become gainfully employed with a living wage. Additionally, by engaging our young men in college-level Youth Participatory Action Research in high school, we also empower them to explore social issues in their community, increase their civic engagement and even grow into their capacity as community agents of change.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 1—Organization—Continued

During each academic semester, SJLI staff and their partners provided a weekly average of 400 hours of classroom instruction, academic support/tutoring, wellness check-ins, mental health services and college & career guidance planning to 500+ youth in Los Angeles County. 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.

At the end of the 2021-2022 academic year, we had 115 graduates resulting in a 100% graduation rate and 82% college enrollment rate. This school year, SJLI has total of 531 Urban Scholars across 28 school sites between Los Angeles, CA and Houston, TX. The 115 seniors received additional SAT prep, college essay writing support, college application and FAFSA assistance workshops and traveling with us on the Northern and Southern California college tours.

During the 2021-2022 school year, SJLI experienced growth with Urban Scholars in LA Unified School District, expanding to seven additional school sites as a Black Student Achievement Plan community partner. SJLI also is serving Santa Monica Malibu Unified School District and received a renewal of its work in Compton Unified School District as well.

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 supportive services that would roll out in the 2021-22 fiscal year. To house that enhanced intentional programming for our alumni, the *Special Projects Program Area* was created with a team to support the SJLI alumni as they navigate years 18-25. One of the Special Projects programs, Higher Pathways, ensures that our alumni successfully reach young adulthood. SJLI has been able to facilitate workshops and retreats focused on achieving educational, career and economic growth. SJLI has hosted monthly alumni meetings, created a book club, conducted life skills sessions (financial literacy, leasing vs. owning, cooking demonstrations, etc.) and counseling sessions to help each young person develop a personal success action plan. SJLI collaborates with corporations and small businesses to host career panels, provide internships and other team building learning spaces.

In June 2022, SJLI hosted the first Summer Bridge program for graduating seniors to attend a week-long series of career and personal development workshops. This included: financial literacy, resume writing, mock interviews, applying for jobs, obtaining certifications, dress for success, communication and interpersonal skills and navigating through college. Participants left with a strong sense of self, increased soft and technical skills, knowledge on how to manage personal finances, and resources to support college and career advancement.

JPMorgan Chase's The Fellowship Initiative, which supports Black and Latino young men's academic success in a 3-year cohort model, is another program under the Special Projects Program Area. In FY 22, SJLI successfully completed year two with the current cohort of 38 students. This included Saturday Academy, three Saturdays a month where students receive tutoring, leadership development and mentoring. In April 2022, the TFI team conducted the Southern CA college tour, taking the students to Cal State University and UC University campuses.

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.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 1—Organization—Continued

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.

There were plenty of moments to highlight but the biggest challenge was the full pivot back to in-person services for our Educational Equity work. The SJLI team was resilient during the time of COVID-19 as they navigated a hybrid world. Resources were used to make sure COVID-19 testing was readily available to staff on a weekly basis. Because of the continuum of care that SJLI leadership provided the team - including but not limited to weekly testing, masks, gloves, hand sanitizer, cleaning systems, HVAC upgrades - SJLI did not experience a health crisis amongst the team.

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. During FY22, SJLI had more of an emphasis on community support than its traditional empowerment through education work of teaching nutrition and physical activity as an entry way of community members becoming health advocates.

Creating Thriving Communities

Food for Thought Produce Pickup—SJLI continued to collaborate with food hub specialist Food Forward but moved its Food for Thought Program a free monthly produce pick-up and healthy produce stand - to the SJLI headquarters. As a result of the COVID-19 pandemic, the Food for Thought increased to a weekly produce distribution in FY21, and changed its regular venue to Hudnall Elementary school in the Inglewood Unified School District. In the following school year, schools went back in person but the need did not change. SJLI continued the work at its headquarters on Friday’s, picking up 6-8 pallets of produce from Food Forward each week and having over 25 community partner small organizations come and pick up boxes produce. Some of the fruits and vegetables were held to create a produce stand so local community members can select produce to take home. As a funded partner of LA County Department of Public Health, SJLI also delivers pallets of produce to different sites - local parks, health clinics and schools - providing the produce distribution opportunities to communities across LA County. This fiscal year, there was a total of 47 produce distributions across nine sites, 90 produce drop offs across ten sites all with a total of 861,663 pounds of produce put in the hands of families.

Changing Systems—SJLI’s social justice policy & advocacy work lies at the intersectionality of education and the social determinants of health for youth, particularly Black youth, and families of color. There is a current emphasis on education and youth development, environmental and health disparity solutions and mitigations, housing justice for tenants and families and safe & clean water access.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Coalitions, Collaboratives and Partnerships—SJLI is a part of the Brothers Son Selves Coalition, Measure J/Care First Community Investment Advisory Committee, the Black Experience Action Team, Los Angeles Youth Uprising Coalition and the Food Policy Network all to help advance the opportunities needed for people of color to live whole, free, thriving, healthy lives in Los Angeles County. In the last 18 months, SJLI led efforts that pushed LAUSD to implement its \$96M Black Student Achievement Plan, helped tenants get access to legal services within the Stay Housed LA initiative while educating them on their renter’s rights and helped them navigate California’s Emergency Rental Assistance Program (ERAP) applications. SJLI also partnered with legal providers to host weekly workshops in compliance with county and city measures and hosted various community engagement meetings about safe and clean water. Specific legislative actions that we helped to get passed included the recent passing of SB679 (Affordable Housing), LA’s Unite to House Los Angeles measure, and SB1137 (Environmental/Health Protection Zone).

Leading the Way—To further advocacy efforts on the importance of Black student achievement, in concert with their partner organizations in the BLOOM Alliance, SJLI presented at the California Association of Black School Educators (CABSE) National Conference in October 2021. The panel entitled, The BLOOM Alliance - Lessons on the Frontlines of Transformative Education highlighted the BLOOM Alliance’s work and what was needed to implement Black student achievement, highlighting our unique partnership with the Antelope Valley Union High School District. The success of this panel provided the BLOOM Alliance the opportunity to lead a day of sessions during CABSE’s Summer Institute in July 2022. School district leadership got the chance to learn from panels and plenaries curated by SJLI about how to use equity focused approaches and meaning based interventions to create transformation school environments for students of color.

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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.

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.

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 continued to challenge SJLI to be more thoughtful and innovative in the approaches to complete the full body of work of the organization while keeping everyone healthy. From March 16, 2020 to date, SJLI never closed its doors and was focused on creating thriving environments in the new “normal.” During FY 22, it became even more difficult as the world began to press forward, coming back in person which required SJLI to pivot the mode of services from a fully virtual environment to a hybrid one across all program areas. While it certainly was challenging to navigate the unknown, the SJLI team did not shy away from the challenge. They were able to maintain consistent contact with students, families and residents. SJLI took the Emergency COVID -19 Basic Needs Intake Form work from the previous year and formalized it into the Health Equity team’s Community + Care program, providing gas cards, rental assistance, produce and food gift cards to families. The goal is to use this program to support community members in a way that moves them from survival to a thriving space in their lives.

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 school sites.
- SJLI redesigned our yearly 40-hour in person Pre-Service Urban Scholars teacher training to a series of virtual professional developments that happen throughout the year.
- Mental Health Services with Open Paths became a solidified element of our work with the youth.

SJLI is deeply committed to advancing equity and responding to the needs of the community. As they work toward a more just world where equity is centered, diversity is a norm and there is always a focus on inclusion and elevation of impacted communities.

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.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Recently Adopted Accounting Principle—In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 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, 2022 and 2021. 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.

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash Accounts Reported in Statements of Financial Position		
Cash and cash equivalents	\$ 3,583,235	\$ 1,163,772
Restricted cash held for purchase of building	2,100,000	2,100,000
Total Cash, Cash Equivalents, and Restricted Cash Reported in Statements of Cash Flows	<u>\$ 5,683,235</u>	<u>\$ 3,263,772</u>

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

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, 2022 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments, however, due to the current risk and uncertainties affecting financial institutions (see Note 9), the related impact cannot be reasonably estimated at this time.

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, 2022 and 2021.

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, 2022 and 2021.

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.

Investment Activities—Investment transactions are recorded on the trade date. Investment income and realized and unrealized gains and losses are reported as increases or decreases in the appropriate net asset category. Interest and dividend income earned on investments is recognized when received and is reported as interest and dividends under revenue, support, and other income in the statement of activities.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

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, 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.

Advertising Expense—Advertising costs are expensed as incurred and amounted to \$11,393 and \$18,004 for the years ended June 30, 2022 and 2021, 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.

Reclassifications—Certain amounts in 2021 have been reclassified to conform with the 2022 financial statement presentation.

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, 2022 and 2021 to cover operating expenses for the next fiscal year:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,583,235	\$ 1,163,772
Investments	1,971,139	2,011,372
Grants and contributions receivable	740,998	487,331
Government contracts receivable	312,497	44,757
	<u>6,607,869</u>	<u>3,707,232</u>
Current Availability of Financial Assets	\$ 6,607,869	\$ 3,707,232

Social Justice Learning Institute
Notes to Financial Statements—Continued

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, 2022 and 2021.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2022 and 2021 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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Realized and unrealized gains (losses)	\$ (49,100)	\$ 4,034
Investment Return, Net	(49,100)	4,034
Interest and dividends	11,756	7,338
Total Return on Investments	<u>\$ (37,344)</u>	<u>\$ 11,372</u>

Note 5—Property and Equipment, Net

Net property and equipment at June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 124,898	\$ 124,898
Leasehold improvements	115,071	115,071
Equipment	97,587	97,587
Gross	337,556	337,556
Less accumulated depreciation and amortization	(234,043)	(189,243)
Net	<u>\$ 103,513</u>	<u>\$ 148,313</u>

Depreciation expense amounted to \$44,800 and \$62,718, respectively, for the years ended June 30, 2022 and 2021.

Social Justice Learning Institute
Notes to Financial Statements—Continued

Note 6—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 \$55,977 and \$45,441 for the years ended June 30, 2022 and 2021, respectively.

The future minimum annual lease commitment is as follows:

<u>Year Ending June 30,</u>		
2023	\$	53,442
2024		55,257
2025		57,132
2026		14,643
		<u>14,643</u>
Total	\$	<u>180,474</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 \$29,543 and \$60,933 for the years ended June 30, 2022 and 2021, respectively.

Note 7—Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Building purchase	\$ 2,100,000	\$ 2,100,000
Educational Equity	867,616	54,167
Uplift Inglewood		57,250
Subject to time restrictions:		
Educational Equity	150,000	333,333
General operations		103,998
Policy and advocacy		50,000
		<u>50,000</u>
Totals	\$ <u>3,117,616</u>	\$ <u>2,698,748</u>

Net assets released from donor restrictions for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Educational Equity	\$ 403,665	\$ 624,939
Policy and advocacy	57,250	50,000
Boys and Men of Color		75,000
Uplift Inglewood		12,750
Satisfaction of passage of time:		
Educational Equity	483,333	
General operations	103,998	50,000
Policy and advocacy	50,000	
		<u>50,000</u>
Totals	\$ <u>1,098,246</u>	\$ <u>812,689</u>

Note 8—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 to be applied using the modified retrospective approach and 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.

Note 9—Risks and Uncertainties

In March 2023, the shut-down of certain financial institutions raised economic concerns over disruption in the United States (U.S.) banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system, however, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. As noted in Note 2, SJLI maintains cash and cash equivalents and investment balances in excess of federally-insured limits. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

Note 10—Subsequent Events

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 ("AHI") in the amount of \$5,100,000 plus an unsecured loan 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 ("Genesis") in the amount of \$2,500,000.

Management evaluated all activities of Social Justice Learning Institute through May 26, 2023, which is the date the financial statements were available to be issued, and concluded that, other than the banking crisis described in Note 9, and the joint purchase agreement noted above, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.