

BURBANK TEMPORARY AID CENTER, INC.

Financial Statements and
Independent Auditor's Report

June 30, 2021 and 2020

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Independent Auditor's Report

To the Board of Directors
Burbank Temporary Aid Center, Inc.

We have audited the accompanying financial statements of Burbank Temporary Aid Center, Inc. (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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Burbank Temporary Aid Center, Inc. as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

JLK Rosenberg, LLP

Glendale, California
January 28, 2022

BURBANK TEMPORARY AID CENTER, INC.Statements of Financial Position
As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash	\$ 322,195	\$ 237,282
Promises to give	164,828	22,717
Inventories	59,374	72,475
Prepaid expenses	<u>23,220</u>	<u>6,644</u>
Total current assets	569,617	339,118
Property and equipment, net	<u>1,777,177</u>	<u>1,830,516</u>
Total assets	<u><u>\$ 2,346,794</u></u>	<u><u>\$ 2,169,634</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accrued liabilities	\$ 52,294	\$ 44,939
Line of credit	-	145,000
Mortgage loan payable	12,935	14,047
Refundable advance - PPP loan	<u>-</u>	<u>58,000</u>
Total current liabilities	65,229	261,986
Noncurrent liabilities:		
Mortgage loan payable	<u>239,979</u>	<u>146,696</u>
Total liabilities	<u>305,208</u>	<u>408,682</u>
Net assets:		
Without donor restrictions	<u>2,041,586</u>	<u>1,760,952</u>
Total net assets	<u>2,041,586</u>	<u>1,760,952</u>
Total liabilities and net assets	<u><u>\$ 2,346,794</u></u>	<u><u>\$ 2,169,634</u></u>

See accompanying notes to financial statements.

BURBANK TEMPORARY AID CENTER, INC.

Statements of Activities
For the Years Ended June 30, 2021 and 2020

	2021	2020
Changes in net assets without donor restrictions:		
Support and revenue without donor restrictions:		
Contributions	\$ 684,934	\$ 428,309
Government grants	30,000	25,000
In-kind donations	977,727	734,919
Special events:		
Revenues	18,656	160,824
Expenses	10,909	(18,944)
Other income (expense)	22	(673)
Total support and revenue without donor restrictions	1,722,248	1,329,435
Net assets released from restrictions:		
Satisfaction of program restrictions	105,500	65,591
Total net assets released from restrictions	105,500	65,591
Total support and revenue and other support without donor restrictions	1,827,748	1,395,026
Expenses:		
Program activities	1,412,601	1,144,632
Management	110,559	116,697
Fundraising	23,954	48,104
Total expenses	1,547,114	1,309,433
Change in net assets without donor restrictions	280,634	85,593
Changes in net assets with donor restrictions:		
Contributions	7,500	65,591
Government grants	98,000	-
Net assets released from restrictions	(105,500)	(65,591)
Change in net assets with donor restrictions	-	-
Change in net assets	280,634	85,593
Net assets, beginning of year	1,760,952	1,675,359
Net assets, end of year	\$ 2,041,586	\$ 1,760,952

See accompanying notes to financial statements.

BURBANK TEMPORARY AID CENTER, INC.

Statements of Functional Expenses
For the Year Ended June 30, 2021

	Program Activities	Supporting Activities			Total
		Management	Fundraising	Supporting Subtotal	
Aid	\$ 991,320	\$ -	\$ -	\$ -	\$ 991,320
Salaries and wages	156,564	74,896	16,227	91,123	247,687
Benefits	27,697	13,249	2,871	16,120	43,817
Payroll taxes	11,369	5,439	1,178	6,617	17,986
Accounting and audit	14,052	1,100	238	1,338	15,390
Occupancy	65,517	5,128	1,111	6,239	71,756
Equipment rental and maintenance	1,129	88	19	107	1,236
Depreciation	54,597	4,273	926	5,199	59,796
Vehicle expense	8,768	-	-	-	8,768
Printing and publications	960	75	16	91	1,051
Postage and shipping	1,105	86	19	105	1,210
Supplies	3,549	278	60	338	3,887
Telephone	6,880	538	117	655	7,535
Interest expense	11,137	872	189	1,061	12,198
Other	57,957	4,537	983	5,520	63,477
Total expenses	<u>\$ 1,412,601</u>	<u>\$ 110,559</u>	<u>\$ 23,954</u>	<u>\$ 134,513</u>	<u>\$ 1,547,114</u>

See accompanying notes to financial statements.

BURBANK TEMPORARY AID CENTER, INC.

Statements of Functional Expenses (Continued)
For the Year Ended June 30, 2020

	Program Activities	Supporting Activities			Total
		Management	Fundraising	Supporting Subtotal	
Aid	\$ 717,024	\$ -	\$ -	\$ -	\$ 717,024
Salaries and wages	156,937	73,127	30,144	103,271	260,208
Benefits	34,101	15,890	6,550	22,440	56,541
Payroll taxes	11,335	5,282	2,177	7,459	18,794
Accounting and audit	13,443	1,370	565	1,935	15,378
Occupancy	66,968	6,827	2,814	9,641	76,609
Equipment rental and maintenance	7,062	720	297	1,017	8,079
Depreciation	61,001	6,219	2,564	8,783	69,784
Vehicle expense	5,541	-	-	-	5,541
Printing and publications	84	9	4	13	97
Postage and shipping	540	55	23	78	618
Supplies	3,486	355	147	502	3,988
Telephone	7,691	784	323	1,107	8,798
Interest expense	14,955	1,525	628	2,153	17,108
Other	44,464	4,534	1,868	6,402	50,866
Total expenses	\$ 1,144,632	\$ 116,697	\$ 48,104	\$ 164,801	\$ 1,309,433

See accompanying notes to financial statements.

BURBANK TEMPORARY AID CENTER, INC.

Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 280,634	\$ 85,593
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	59,796	69,783
Changes in assets and liabilities:		
Promises to give	(142,111)	(12,480)
Inventories	13,101	(16,855)
Prepaid expenses	(16,576)	(1,915)
Accrued liabilities	7,355	(2,524)
Refundable advance - PPP loan	(58,000)	58,000
Net cash provided by operating activities	144,199	179,602
Cash flows from investing activities:		
Purchase of property and equipment	(6,457)	(6,107)
Net cash used in investing activities	(6,457)	(6,107)
Cash flows from financing activities:		
Proceeds from the line of credit	-	40,000
Payment of the line of credit	(145,000)	-
Proceeds from refinanced mortgage loan	261,181	-
Principal payments on mortgage loans	(169,010)	(13,260)
Net cash (used in) provided by financing activities	(52,829)	26,740
Net increase in cash	84,913	200,235
Cash, beginning of year	237,282	37,047
Cash, end of year	\$ 322,195	\$ 237,282
Supplemental information:		
Interest paid	\$ 12,198	\$ 17,108

See accompanying notes to financial statements.

BURBANK TEMPORARY AID CENTER, INC.

Notes to Financial Statements June 30, 2021 and 2020

1. Summary of Significant Accounting Policies

Nature of Activities

Burbank Temporary Aid Center, Inc. (the Organization) is a California nonprofit organization. The primary mission of the Organization is to help meet the short-term needs for food and basic services necessary to live with dignity. The Organization strives to help create a community where the poor, working poor, and homeless are able to access the resources they need to become as self-sufficient as possible. The Organization is supported primarily through donor contributions.

Basis of Presentation and Description of Net Assets

The financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to not-for-profit organizations.

The two classes of net assets are as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These assets are available to support the Organization's activities and operations at the direction of 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; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization had no net assets with donor restrictions as of June 30, 2021 and 2020.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Donor-restricted contributions for which the restriction has been satisfied in the same reporting period as the contribution was received are recorded as net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with original maturity dates of three months or less when purchased to be cash.

BURBANK TEMPORARY AID CENTER, INC.

Notes to Financial Statements (Continued) June 30, 2021 and 2020

1. Summary of Significant Accounting Policies (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible unconditional promises receivable, which was \$0 for the years ended June 30, 2021 and 2020. The Organization expects to receive all amounts in less than one year.

Inventories

Inventories consist of purchased or donated food, hygiene products, toys, and clothing. Purchased inventory is capitalized at cost. Donated inventory is recorded as contributions and as inventory in the period received at estimated fair value.

Property and Equipment

Property and equipment are initially recorded: (1) at cost if purchased and (2) at fair value if contributed, and are carried at the initially recorded value less accumulated depreciation. Property and equipment are depreciated on a straight-line basis over their estimated service lives, which range from 5 to 39 years. Expenditures related to property and equipment that have future economic benefits are capitalized. All other repairs and maintenance costs related to property and equipment are expensed when incurred.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and nature of any donor restrictions.

All donor-restricted contributions are reported as an increase net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions received prior to incurring qualifying expenditures are reported as refundable advances and recognized in contributions upon satisfaction of donor-imposed conditions.

Donated Assets and Services

Donations of non-cash assets are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as increases net assets with donor restrictions.

The Organization is dependent on volunteers that provide routine services. Since these services do not enhance or create an asset and do not require specialized skills, they are not recognized in these financial statements.

BURBANK TEMPORARY AID CENTER, INC.

Notes to Financial Statements (Continued) June 30, 2021 and 2020

1. Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a public charity that has obtained an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for federal or state income taxes.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2018, 2019, and 2020 may be subject to examination by the IRS, generally for three years after they were filed.

New Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) - Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update apply to not-for-profit entities that receive contributed nonfinancial assets and address their presentation and disclosure. Following this update, the contributed nonfinancial assets should be presented as a separate line item in the statement of activities disaggregated by the type. For each category identified, qualitative information about whether the assets were either monetized or utilized during the reporting period should be disclosed. A policy about monetizing rather than utilizing following a description of the use should be added if the assets were utilized. A description of any donor-imposed restrictions associated with the contributed nonfinancial assets and their valuation should be disclosed. ASU 2020-07 should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The Organization is currently evaluating the impact ASU 2020-07 will have on its future financial statements and related disclosures.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. For annual periods beginning after December 15, 2018, ASU 2018-08 provides additional clarity and guidance on whether a transfer of assets or the reduction, settlement, or cancellation of liabilities from a resource provider is a contribution or an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. ASU 2018-08 requires that an entity determine whether a contribution is conditional based on the existence of both a barrier that must be overcome and either a right of return of assets transferred or a right of release of the promisor from its obligation to transfer assets. A contribution with the presence of both the barrier and either a right of return or release should be classified as an exchange transaction under FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. The adoption of this guidance did not have a material impact on the Organization's financial statements.

BURBANK TEMPORARY AID CENTER, INC.

Notes to Financial Statements (Continued) June 30, 2021 and 2020

2. Inventories

Inventories consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Food and hygiene products	\$ 51,641	\$ 64,528
Transportation vouchers	-	4,798
Gift cards	7,733	3,123
Other	-	26
Total inventories	<u>\$ 59,374</u>	<u>\$ 72,475</u>

3. Property and Equipment

Property and equipment consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 450,154	\$ 450,154
Building	1,906,622	1,906,622
Furniture and fixtures	147,545	141,088
Vehicle	26,679	26,679
Total property and equipment	2,531,000	2,524,543
Less: accumulated depreciation	753,823	694,027
Property and equipment, net	<u>\$ 1,777,177</u>	<u>\$ 1,830,516</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$59,796 and \$69,783, respectively.

4. Line of Credit

The Organization has a \$225,000 line of credit agreement with Citizens Business Bank, which bears interest, payable monthly, at the bank's prime rate (5.323% at June 30, 2021) plus 2% and matures on November 5, 2023. The line of credit is secured by real estate. As of June 30, 2021, the Organization does not have any outstanding balance on the line of credit.

BURBANK TEMPORARY AID CENTER, INC.

Notes to Financial Statements (Continued)
June 30, 2021 and 2020

5. Mortgage Loan Payable

The Organization has the following mortgage loans outstanding:

	<u>2021</u>	<u>2020</u>
Amended mortgage loan from Community Bank, with monthly installments of \$1,773, including interest at 4.70%, secured by real estate, maturing May 15, 2023	\$ -	\$ 160,743
Amended mortgage loan from Citizens Business Bank with monthly installments of \$2,008, including interest at 4.50%, secured by real estate, maturing November 5, 2035	<u>252,914</u>	<u>-</u>
Total mortgage loan payable	252,914	160,743
Less: current portion	<u>12,935</u>	<u>14,047</u>
Noncurrent mortgage loan payable	<u>\$ 239,979</u>	<u>\$ 146,696</u>

The minimum future principal payments of the mortgage loan payable are as follows as of June 30, 2021:

Year ending June 30,	<u>Amount</u>
2022	\$ 12,935
2023	13,529
2024	14,074
2025	14,730
2026	15,474
Thereafter	<u>182,172</u>
Total	<u>\$ 252,914</u>

Interest expense on the loans for the years ended June 30, 2021 and 2020 amounted to \$9,335 and \$8,650, respectively.

6. In-Kind Donations

The value of donated materials included as contributions in the financial statements and the related expenses for the years ended June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Food and hygiene products	\$ 974,730	\$ 732,191
Transportation vouchers	-	2,860
Gift cards	7,795	1,001
Less: expired vouchers	<u>4,798</u>	<u>1,133</u>
Total in-kind donations	<u>\$ 977,727</u>	<u>\$ 734,919</u>

BURBANK TEMPORARY AID CENTER, INC.

Notes to Financial Statements (Continued) June 30, 2021 and 2020

7. Defined Contribution Plan

Eligible employees, defined as fulltime employees who have worked for at least six months, can make contributions to a SIMPLE Individual Retirement Plan under 408(p) of the internal revenue code (the SIMPLE IRA). Employees can make contributions to the SIMPLE IRA to the full extent allowed by law. The Organization will contribute 3% of the participating employees' compensation. All contributions are fully vested and nonforfeitable at all times. For the years ended June 30, 2021 and 2020, the Organization's matching contributions amounted to \$6,336 and \$6,438, respectively.

8. Fair Value Measurement

As of June 30, 2021, none of the Organization's assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, promises to give, prepaid expenses, accrued liabilities, and other payables, approximated their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the year ended June 30, 2021.

9. Liquidity and Availability of Resources

The following represents the Organization's financial assets as of June 30, 2021:

Cash	\$ 322,195
Promises to give	164,828
	<hr/>
Total financial assets	487,023
Less: amounts not available to be used within one year	-
	<hr/>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 487,023</u>

The Organization is principally supported by in-kind donations and contributions from individuals and corporations. The goal of the Organization is to maintain available financial assets to meet its next 30 days of operating expenses and other obligations. In the event of unanticipated liquidity needs, the Organization would seek drawing from the line of credit with Citizens Business Bank.

10. PPP Loan

On May 2, 2020, the Organization received a loan administrated by the Small Business Administration in the amount of \$58,000 under the Paycheck Protection Program (the PPP) established by the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act).

At June 30, 2020, the loan was recorded as a refundable advance in accordance with guidance for conditional contribution when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. On May 16, 2021, the original PPP loan amount of \$58,000 was forgiven. The Organization recorded the loan forgiveness as government grant revenue with donor restrictions and, consequently, net assets released from restrictions for the year ended June 30, 2021. Expenses that were funded by the PPP loan proceeds are included in program activities and supporting activities.

BURBANK TEMPORARY AID CENTER, INC.

Notes to Financial Statements (Continued) June 30, 2021 and 2020

11. Risks and Uncertainties

The Organization maintains deposits in financial institutions that at times exceeds amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Organization believes there is no significant risk with respect to these deposits.

The Organization's cash deposits, line of credit, and mortgage loan payable, including its long-term debt, are with one lending institution at June 30, 2021.

On March 11, 2020, the World Health Organization declared the novel coronavirus outbreak a pandemic which has impacted the financial markets and global economy. The coronavirus pandemic is still ongoing and the duration and extent of the related financial impact cannot be reasonably estimated at this time.

12. Subsequent Events

Management has evaluated subsequent events through January 28, 2022, which is the date the financial statements were available to be issued. No events have occurred subsequent to June 30, 2021 requiring recording or disclosure in the financial statements.