Adjoin
(A California Nonprofit Organization)

Consolidated Financial Statements and Independent Auditor's Report

December 31, 2021 and 2020

Adjoin

Index

JGD&Associates
TRUST | INTEGRITY | SINCE 1977

9191 Towne Centre Drive, Suite 340
San Diego, CA 92122
Phone (858) 587-1000 | Fax (858) 587-0212

Independent Auditor's Report

To the Board of Directors
Adjoin
San Diego, California

Opinion

We have audited the accompanying consolidated financial statements of Adjoin (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Adjoin as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Adjoin 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Adjoin'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Adjoin'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.

JGD & Associates, LLP

San Diego, California
June 10, 2022

Adjoin

Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 1,202,453	$ 3,477,344
Investments (Note 4)	6,656,915	3,808,339
Accounts receivable, net	2,937,936	2,938,924
Prepaid expenses	90,810	95,931
Total current assets	10,888,114	10,320,538
Deposits	241,286	138,292
Property and equipment, net (Note 5)	130,761	41,359
Total assets	$ 11,260,161	$ 10,500,189
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 503,386	$ 197,983
Accrued payroll and taxes	958,987	869,572
Accrued expenses	236,062	489,686
Deferred revenue	25,000	-
Total current liabilities	1,723,435	1,557,241
Note payable, PPP loan (Note 7)	-	2,269,980
Total liabilities	1,723,435	3,827,221
Net assets without donor restriction:		
Board designated	6,708,236	5,285,826
Undesignated	2,828,490	1,387,142
Total net assets without donor restriction	9,536,726	6,672,968
Total liabilities and net assets	$ 11,260,161	$ 10,500,189

See Notes to Consolidated Financial Statements.

Adjoin

Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2021 and 2020

	2021	2020
Revenue and support without donor restriction:		
Consumer service revenue	$ 12,596,259	$ 13,288,853
Grants:		
Supportive Services for Veteran Families	11,022,640	7,407,599
Homeless Veterans' Reintegration Program	-	101,262
Health Equity Action Plan (HEAP)	-	113,894
Contributions	15,265	19,547
Miscellaneous income	6,788	3,461
Total revenue and support without donor restrictions	23,640,952	20,934,616
Operating expenses:		
Program services:		
Developmental disabilities program	11,457,923	11,884,739
Veterans housing services	10,124,716	6,569,503
Veterans employment services	49,621	97,245
Veterans HEAP services	-	109,503
Supporting services:		
Management and general	2,024,307	1,702,033
Fundraising	84,694	14,195
Total operating expenses	23,741,261	20,377,218
Other income:		
Investment income	460,154	155,495
Note payable - PPP loan forgiveness	2,269,980	-
Write-off of accrued expenses	233,933	-
Total other income	2,964,067	155,495
Change in net assets without donor restriction	2,863,758	712,893
Net assets without donor restriction, beginning of year	6,672,968	5,960,075
Net assets without donor restriction, end of year	$ 9,536,726	$ 6,672,968

See Notes to Consolidated Financial Statements.

Adjoin

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services				Supporting Services		
	Developmental Disabilities Program	Veterans Housing Services	Veterans Employment Services	Veterans HEAP Services	Management and General	Fundraising	Total
Salaries	$ 7,936,375	$ 1,590,532	$ 3,612	$ -	$ 851,197	$ 45,110	$ 10,426,826
Insurance	1,461,081	293,297	-	-	102,363	4,565	1,861,306
Payroll taxes	750,833	138,809	196	-	69,555	3,717	963,110
Retirement plan contributions	90,547	26,748	-	-	35,011	133	152,439
Other employee benefits	11,376	1,358	-	-	12,197	-	24,931
Total salaries and related benefits	10,250,212	2,050,744	3,808	-	1,070,323	53,525	13,428,612
Consumer	20,202	7,442,656	45,410	-	-	-	7,508,268
Purchased services	112,806	244,502	403	-	419,748	5,075	782,534
Rent	212,319	187,835	-	-	111,752	4,655	516,561
Travel	236,365	37,435	-	-	8,766	-	282,566
Office	79,105	48,809	-	-	107,825	16,983	252,722
Telephone	125,956	31,355	-	-	49,827	356	207,494
Equipment lease	118,297	16,917	-	-	15,036	-	150,250
Insurance - general	57,416	27,172	-	-	57,769	8	142,365
Bad debts	69,378	-	-	-	6,000	-	75,378
Maintenance and repairs	43,899	6,994	-	-	12,815	89	63,797
Dues and subscriptions	6,343	79	-	-	46,439	2,144	55,005
Program supplies	28,487	6,222	-	-	14,091	271	49,071
Seminars and training	37,901	6,074	-	-	3,691	81	47,747
Utilities	15,998	15,611	-	-	10,698	419	42,726
Bank charges	-	-	-	-	40,238	858	41,096
Professional fees - legal	-	-	-	-	37,367	-	37,367
Depreciation	27,268	-	-	-	9,685	-	36,953
Personnel recruitment	7,927	205	-	-	523	181	8,836
Professional fees - screening	6,324	1,246	-	-	854	49	8,473
Professional fees - other	1,720	860	-	-	860	-	3,440
	1,207,711	8,073,972	45,813	-	953,984	31,169	10,312,649
Total expenses	$ 11,457,923	$ 10,124,716	$ 49,621	$ -	$ 2,024,307	$ 84,694	$ 23,741,261

See Notes to Consolidated Financial Statements.

Adjoin

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services				Supporting Services		
	Developmental Disabilities Program	Veterans Housing Services	Veterans Employment Services	Veterans HEAP Services	Management and General	Fundraising	Total
Salaries	$ 8,334,968	$ 1,272,155	$ 66,755	$ 17,049	$ 817,920	$ -	$ 10,508,847
Insurance	1,555,634	211,804	6,224	-	106,384	-	1,880,046
Payroll taxes	776,663	115,569	5,381	780	77,185	-	975,578
Retirement plan contributions	87,599	21,430	1,831	-	30,208	-	141,068
Other employee benefits	9,637	434	20	-	13,756	-	23,847
Total salaries and related benefits	10,764,501	1,621,392	80,211	17,829	1,045,453	-	13,529,386
Consumer	6,104	4,491,717	6,083	90,283	810	12,960	4,607,957
Purchased services	134,144	115,422	1,123	1,095	254,305	-	506,089
Rent	228,557	141,255	5,642	-	87,344	-	462,798
Telephone	139,199	34,994	1,825	-	39,265	666	215,949
Travel	171,359	24,208	270	296	13,957	-	210,090
Equipment lease	128,391	8,356	86	-	15,036	-	151,869
Office	57,000	47,805	592	-	29,939	-	135,336
Insurance - general	66,411	20,266	323	-	43,375	-	130,375
Maintenance and repairs	36,474	9,132	278	-	8,867	-	54,751
Dues and subscriptions	16,944	3,179	87	-	30,922	-	51,132
Professional fees - other	1,720	10,860	-	-	38,360	-	50,940
Seminars and training	32,330	3,197	131	-	4,710	-	40,368
Professional fees - legal	-	20,841	-	-	18,277	-	39,118
Utilities	14,534	13,025	490	-	9,648	-	37,697
Bank charges	-	-	-	-	36,913	569	37,482
Program supplies	24,680	1,707	50	-	10,741	-	37,178
Bad debts	29,012	-	-	-	-	-	29,012
Depreciation	22,923	-	-	-	1,843	-	24,766
Other employee benefits	3,255	692	54	-	7,094	-	11,095
Professional fees - screening	5,158	1,455	-	-	915	-	7,528
Interest	-	-	-	-	3,608	-	3,608
Personnel recruitment	2,043	-	-	-	651	-	2,694
	1,120,238	4,948,111	17,034	91,674	656,580	14,195	6,847,832
Total expenses	$ 11,884,739	$ 6,569,503	$ 97,245	$ 109,503	$ 1,702,033	$ 14,195	$ 20,377,218

See Notes to Consolidated Financial Statements.

Adjoin

Consolidated Statements of Cash Flows
Year Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets from operations	$ 2,863,758	$ 712,893
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	75,378	29,012
Depreciation and amortization	36,953	24,766
Gain on investments	(204,188)	(121,297)
Gain on forgiveness of note payable - PPP loan	(2,269,980)	-
Gain on write-off of accrued expenses	(233,933)	
Changes in operating assets and liabilities:		
Accounts receivable	(74,390)	(1,458,688)
Prepaid expenses	5,121	(15,632)
Deposits	(102,994)	3,620
Accounts payable	305,403	61,605
Accrued payroll and taxes	89,415	(85,535)
Accrued expenses	(19,691)	(191,229)
Deferred revenue	25,000	-
Net cash provided by (used in) operating activities	495,852	(1,040,485)
Cash flow from investing activities		
Purchases of investments	(6,394,331)	(310,813)
Proceeds from sales of investments	3,749,943	672,221
Proceeds from line of credit	-	2,750,000
Payments on line of credit	-	(2,750,000)
Purchases of property and equipment	(126,355)	(11,059)
Net cash provided by (used in) investing activities	(2,770,743)	350,349
Cash flows from financing activities		
Proceeds from note payable, PPP loan	-	2,269,980
Net cash provided by financing activities	-	2,269,980
Net change in cash and cash equivalents	(2,274,891)	1,579,844
Cash and cash equivalents, beginning of year	3,477,344	1,897,500
Cash and cash equivalents, end of year	$ 1,202,453	$ 3,477,344
Supplemental disclosure of cash flow Information:		
Interest paid	$ -	$ 3,608
Supplemental disclosure of non-cash financing activities:		
Forgiveness of PPP loan	$ 2,269,980	$ -
Supplemental disclosure of non-cash operating activities:		
Write-off of accrued expenses	$ 233,933	$ -

See Notes to Consolidated Financial Statements.

Note 1 – Organization and summary of significant accounting policies

Nature of activities

On July 7, 2021, Community Catalysts of California amended and restated its Articles of Incorporation and changed the name of the corporation to Adjoin. Adjoin is a California Not-For-Profit Public Benefit Corporation providing individuals with disabilities and special needs advocacy, services, programs and other means necessary to improve their quality of life and to enable them to seek and achieve self-sufficiency within and integrate into the community, and to provide assistance to Veterans with housing, identifying and accessing benefits and resources for which they are eligible, meeting their career and/or educational goals and other aspects of their life to ensure a successful transition into civilian life.

The consolidated financial statements include the accounts of Community Catalysts Housing Alliance (Housing Alliance), a California Not-For-Profit Public Benefit Corporation. The Housing Alliance was created to enhance, preserve, develop, and administer housing that is affordable to low and moderate income individuals and families. However, due to lack of funding, the Housing Alliance had suspended operations in 2020 and completed the dissolution of the entity on June 29, 2021. There was no activity under the Housing Alliance during the years ended December 31, 2021 and 2020.

Principles of consolidation

The consolidated financial statements include the accounts of Adjoin and Community Catalysts Housing Alliance (collectively referred to as the Organization) due to the common control of the entities. All significant intercompany accounts and transactions have been eliminated. Due to the dissolution of Community Catalysts Housing Alliance, in 2022 and going forward the financial statements will be presented as a single entity.

Basis of accounting

The consolidated financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation

The consolidated financial statements of the Organization have been prepared in accordance with US GAAP, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 net assets may be used at the discretion of the Organization'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; 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

The Organization had no net assets with donor restrictions during the years ended December 31, 2021 and 2020.

Use of estimates
The preparation of consolidated 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.

Cash and cash equivalents
The Organization considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Investments
Investments are carried at market value, and realized and unrealized gains and losses are reflected in the change in net assets in the consolidated statements of activities and changes in net assets.

Accounts receivable
Accounts receivable arise in the normal course of business. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts.

Property and equipment
Acquisitions of property and equipment of $5,000 or more are capitalized. Property and equipment are recorded at cost for purchased assets and at fair market value at the time of donation for donated assets. Depreciation on property and equipment is provided using the straight-line method over the estimated useful lives of the assets ranging from two to seven years. Amortization of leasehold improvements is provided using the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter. Amortization of leasehold improvements is included in depreciation expense.

Revenue and support
In accordance with Topic 606 and Topic 958, the Organization recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

Revenues for the Organization primarily consist of fee-for-service contracts and grants awarded by federal agencies. Management has determined that these sources of revenue are most appropriately classified as conditional contributions, and therefore, revenue is recognized as conditions are met, which is typically when services are performed.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of 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 consolidated statements of activities as net assets released from restrictions.

Deferred revenue
Deferred revenue is defined as income received prior to the performance or to which the income is earned and is recorded as a liability. Deferred revenue is reduced and recorded as the income is earned. As of December 31, 2021 and 2020, deferred revenue totaled $25,000 and $0, respectively.

Contributed materials and services
Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. Certain volunteer services do not meet the criteria for recognition as a contribution and are, therefore, not reflected in the consolidated financial statements.

Income taxes
Adjoin and Community Catalysts Housing Alliance are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organizations may be subject to tax on income which is not related to their exempt purpose. For the years ended December 31, 2021 and 2020, no such unrelated business taxable income was reported and, therefore, no provision for income taxes has been made. Adjoin and Community Catalysts Housing Alliance are not private foundations.

The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the consolidated financial statements related to uncertain tax positions.

Fair value measurements
The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying value of cash, receivables, and payables approximates fair value as of December 31, 2021 and 2020, due to the relative short maturities of these instruments.

Board designations

The Organization's governing board through specific action has created self-imposed limits on net assets without donor restrictions. The board has earmarked $6,708,236 and $5,285,826 for the following purposes as of December 31, 2021 and 2020, respectively:

	2021	2020
Board designated for operating reserves	$ 4,144,846	$ 3,287,184
Board designated for mergers and acquisitions	1,281,695	999,321
Board designated for capital expenditures	1,281,695	999,321
	$ 6,708,236	$ 5,285,826

Functional expense allocations

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, printing, and office and occupancy, which are allocated based on total expenses or employee headcount, as well as salaries and benefits, training, and travel, which are allocated on the basis of estimates of time and effort.

Future accounting standards

The FASB has issued a substantial ASU which will become effective in future years.

In February 2016, the FASB issued ASU No. 2016-02 Leases. The primary change in GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the statement of financial position a liability to make lease payments ("lease liability") and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. In April 2020, the FASB voted to amend the effective date for the standard because of challenges related to the COVID-19 pandemic. As a result, the ASU 2016-02 effective date was extended for fiscal years beginning after December 15, 2022. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, although there are optional practical expedients that entities may elect to apply. The Organization is evaluating the effect that the provisions of ASU 2016-02 will have on its consolidated financial statements and related disclosures.

Subsequent events

The Organization has evaluated subsequent events through June 10, 2022, which is the date the consolidated financial statements were available to be issued.

Note 2 – Financial assets and liquidity resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Interest income or dividends earned from invested unrestricted reserve funds are not available to meet operating needs as these earnings are re-invested into the reserve funds.

Financial assets in excess of daily cash requirements are invested in money market or other short-term investments. Financial assets in excess of annual cash requirements are transferred to unrestricted reserve funds which are invested. The Organization operates with a balanced budget and anticipates collecting sufficient revenues to cover general expenditures not covered by donor-restricted resources.

The following table reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statement of financial position date because of internal board designations. Amounts not available include board-designated special project funds that are intended to fund special board initiatives not considered in the annual operating budget. At the Board's discretion, unrestricted reserve funds could be made available to meet general expenditure needs. To help manage unanticipated needs, the Organization maintains a line of credit (Note 6) which is drawn upon as needed during the year to manage cash flow needs and is then repaid as soon as practicable. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. There were no net assets with donor restrictions at December 31, 2021 and 2020.

The Organization's financial assets available within one year of the consolidated statement of financial position for general expenditures are as follows:

	2021	2020
Financial assets at year end		
Cash and cash equivalents	$ 1,202,453	$ 3,477,344
Investments	6,656,915	3,808,339
Accounts receivable, net	2,937,936	2,938,924
Total financial assets	10,797,304	10,224,607
Less amounts not available to be used within one year		
Board designated for operating reserves	4,144,846	3,287,184
Board designated for mergers and acquisitions	1,281,695	999,321
Board designated for capital expenditures	1,281,695	999,321
	6,708,236	5,285,826
Financial assets available to meet general expenditures over the next twelve months	$ 4,089,068	$ 4,938,781

Note 3 – Concentration of credit risk

The Organization maintains its cash at one financial institution. Cash balances are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). At various times during the year, the amount on deposit with a single financial institution may exceed federal depository insurance limits. At December 31, 2021, the Organization had cash exceeding $250,000 in the amount of $1,374,638.

Note 4 – Investments

The fair market value of investments is categorized as follows for the year ended December 31, 2021:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 213,748	$ -	$ 213,748
Equities	2,720,669	-	-	2,720,669
Mutual funds	2,413,078	-	-	2,413,078
Corporate bonds	1,309,420	-	-	1,309,420
	$ 6,443,167	$ 213,748	$ -	$ 6,656,915

The fair market value of investments is categorized as follows for the year ended December 31, 2020:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 213,748	$ -	$ 213,748
Equities	1,353,522	-	-	1,353,522
Mutual funds	1,328,229	-	-	1,328,229
Corporate bonds	912,840	-	-	912,840
	$ 3,594,591	$ 213,748	$ -	$ 3,808,339

Note 5 – Property and equipment, net

Property and equipment, net for the year ended December 31, 2021 and 2020 consisted of the following:

	2021	2020
Vehicles	$ 127,022	$ 84,289
Equipment and software	145,347	61,794
Furniture and fixture	8,966	8,966
Leasehold improvements	12,200	7,000
	293,535	162,049
Less accumulated depreciation	(162,774)	(120,690)
	$ 130,761	$ 41,359

Depreciation expense for the year ended December 31, 2021 and 2020 was $36,953 and $24,766, respectively.

Note 6 – Line of credit

The Organization has a $200,000 line of credit, collateralized by a $213,748 certificate of deposit. The line of credit bears interest at 4.77% and expired March 1, 2022. The line of credit was renewed for an additional 12 months and expires March 1, 2023. There was no outstanding balance on this line of credit as of December 31, 2021 and 2020, respectively.

Note 7 – Note payable – PPP loan

On March 27, 2020, the "Coronavirus Aid, relief and Economic Security (CARES) Act" was put into law. The CARES Act Appropriated funds for the SBA Payroll Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment.

The Organization applied for and received funding on April 17, 2020 in the amount of $2,269,980 under this program. The loan has an interest rate of 1.0% per annum. After proceeds of this Loan have been expended by the Organization during the Covered Period (24 week period that begins at the date the proceeds are received), the Organization may submit to the Lender a request for forgiveness of the Loan. If the entire principal balance of this Loan and accrued interest is not forgiven, then payments become due six months after the end of the covered period and continue each month thereafter in eighteen monthly payments until the maturity date. On June 8, 2021, the Organization received full forgiveness of the PPP loan totaling $2,269,980 and is recognized as other income on the consolidated statement of activities and changes in net assets for the year ended December 31, 2021.

Note 8 – Third party reimbursements

The Organization depends significantly on revenue received from regional centers operating under Title 17 regulations of the Department of Developmental Services of the State of California (Department). Under the terms of the agreements, the Organization is classified as a vendor and submits monthly invoices for reimbursement, based on the participants' enrollment and activities according to the Department's funding policies. During the year ended December 31, 2021, approximately 53% of the Organization's total revenue was received from five of these regional centers. During the year ended December 31, 2020, approximately 63% of the Organization's total revenue was received from six of these regional centers. The accounts receivable due from these regional centers at December 31, 2021 and 2020 were $2,076,041 and $1,794,958, respectively.

The Organization also received revenue from the Department of Veterans Affairs: Supportive Services for Veterans Families (SSVF) Program. Approximately 46% and 34% of revenue came from SSVF during the years ended December 31, 2021 and 2020, respectively. The accounts receivable due from SSVF at December 31, 2021 and 2020 were $847,180 and $1,098,378, respectively.

Note 9 – Conditional contributions

Based on current guidance, the Organization accounts for certain agreements and federal awards as conditional contributions. These agreements and awards are conditional upon providing the services outlined in each contract and award agreement. A conditional contribution does not meet the standard for revenue recognition, as such, the conditional amounts have not been recognized in the consolidated statements of activities and changes in net assets for the years ended December 31, 2021 and 2020, respectively.

Note 10 – Operating lease commitments

The Organization has entered into various operating lease agreements for its office locations. The office leases expire at various dates through April 2028 and require monthly payments of approximately $41,412. Other office locations are leased either short-term or month-to-month. The Organization also leases vehicles and equipment under operating leases which require monthly payments of approximately $12,746. The leases expire at various dates through October 2025.

At December 31, 2021, the aggregate minimum rental commitments under non-cancelable operating leases are as follows:

Year Ending December 31,		
2022	$	661,345
2023		559,022
2024		413,883
2025		172,684
2026		164,395
Thereafter		227,305
	$	2,198,634

Note 11 – Retirement plans

The Organization has adopted a 403(b) employer contributory tax deferred annuity plan covering all employees who have met certain service requirements. For the years ended December 31, 2021 and 2020, the Organization matched 50% of employee elective deferrals, not to exceed 8% of the employee's salary. The Organization contributed $152,439 and $141,069 for the years ended December 31, 2021 and 2020, respectively.

Note 12 – Commitments and contingencies

Litigation

From time to time, the Organization is subject to various litigation as a result of their activities. Management believes that the outcome of any such litigation will not have a material adverse effect on the Organization's consolidated financial position, changes in net assets or liquidity.

Grants and contracts

The Organization has received funds from the state and federal government for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, the Organization's management believes that any required reimbursements or questioned costs will not be material. All funding is subject to Federal and State budgetary reductions.