FilmLA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

FilmLA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
FilmLA

Report on the Financial Statements
We have audited the accompanying financial statements of FilmL.A., Inc. dba FilmLA (the Organization or FilmLA), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 FilmLA, as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited FilmLA's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

November 16, 2021
Los Angeles, California

FilmLA

STATEMENTS OF FINANCIAL POSITION

		June 30		
ASSETS		2021		2020
Cash and Cash Equivalents	$	4,085,981	$	375,128
Cash in Bank - Contractual Reserves		1,981,671		1,991,203
Investments		10,910,848		8,811,209
Accounts Receivable		1,379,572		257,016
Prepaid Expenses and Other Assets		391,569		138,783
Property and Equipment (Net)		2,289,048		2,004,614
TOTAL ASSETS	$	21,038,689	$	13,577,953
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable and Accrued Expenses	$	1,508,618	$	1,397,158
Due to Contracted Permitting Authorities		4,747,655		210,459
Due to Permittees		997,936		283,647
Deferred Rent and Lease Incentives		691,375		901,110
TOTAL LIABILITIES		7,945,584		2,792,374
NET ASSETS:		6,997,539		
Without Donor Restrictions:				
Undesignated		6,999,729		6,997,542
Board Designated:				
Capital Expenditures Reserves		2,918,446		2,918,446
Operating Reserves		3,174,930		869,591
TOTAL NET ASSETS		13,093,105		10,785,579
TOTAL LIABILITIES AND NET ASSETS	$	21,038,689	$	13,577,953

The Accompanying Notes are an Integral Part of These Financial Statements

FilmLA

STATEMENTS OF ACTIVITIES

	Years Ended June 30	
	2021	2020
REVENUES:		
Permit Operations	$ 6,391,069	$ 6,719,639
Field Services	3,231,368	3,120,915
School Licenses	633,381	438,256
Investment Return (Net)	2,099,639	412,567
Other Income	-	10,528
TOTAL REVENUES	12,355,457	10,701,905
EXPENSES:		
Program Services	8,646,923	11,805,339
Management and General	1,401,008	1,749,109
TOTAL EXPENSES	10,047,931	13,554,448
CHANGE IN NET ASSETS	2,307,526	(2,852,543)
Net Assets - Beginning of Year	10,785,579	13,638,122
NET ASSETS - END OF YEAR	$ 13,093,105	$ 10,785,579

The Accompanying Notes are an Integral Part of These Financial Statements

FilmLA

STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021
With Summarized Totals for the Year Ended June 30, 2020

	2021						
	Program Services				Support Services		
	Film Permit Coordination	Field Services	Outreach Services	Total Program Services	Management and General	Total	2020 Total
Personnel Costs	$ 3,523,738	$ 2,260,411	$ 1,073,430	$ 6,857,579	$ 794,793	$ 7,652,372	$ 8,770,881
CARES Act: Employee Retention Credit	(602,224)	(528,614)	(131,401)	(1,262,239)	(104,004)	(1,366,243)	(314,096)
Information Technology	661,940	370,705	110,138	1,142,783	428,772	1,571,555	2,305,289
Occupancy	361,371	225,457	97,864	684,692	62,560	747,252	869,492
Depreciation and Amortization	313,814	184,590	80,424	578,828	52,401	631,229	428,186
Professional Fees	146,675	61,043	20,974	228,692	109,397	338,089	785,387
Marketing, Memberships and Meetings	17,604	86,200	87,821	191,625	11,826	203,451	410,852
Insurance	71,634	42,137	18,387	132,158	14,557	146,715	135,534
Office Expenses	31,113	55,222	6,470	92,805	30,706	123,511	162,923
TOTAL FUNCTIONAL EXPENSES	$ 4,525,665	$ 2,757,151	$ 1,364,107	$ 8,646,923	$ 1,401,008	$ 10,047,931	$ 13,554,448

The Accompanying Notes are an Integral Part of These Financial Statements

FilmLA

STATEMENTS OF CASH FLOWS

	Years Ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 2,307,526	$ (2,852,543)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	631,229	428,186
Bad Debt Expense	13,751	35,657
Net Realized and Unrealized Gains on Investments	(1,940,315)	(202,017)
Impairment Expense	-	382,842
(Increase) Decrease in:		
Accounts Receivable	(1,136,307)	1,189,238
Prepaid Expenses and Other Assets	(252,786)	328,952
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	111,460	237,476
Due to Contracted Permitting Authorities	4,537,196	(2,789,803)
Due to Permittees	714,289	(790,741)
Deferred Rent and Lease Incentives	(209,735)	(186,369)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	4,776,308	(4,219,122)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(915,663)	(1,193,414)
Sales of Investments	-	3,574,170
Purchases of Investments	(159,324)	(210,551)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,074,987)	2,170,205
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,701,321	(2,048,917)
Cash and Cash Equivalents - Beginning of Year	2,366,331	4,415,248
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,067,652	$ 2,366,331
CASH AND CASH EQUIVALENTS INCLUDES:		
Cash and Cash Equivalents	$ 4,085,981	$ 375,128
Cash in Bank - Contractual Reserves	1,981,671	1,991,203
TOTAL CASH AND CASH EQUIVALENTS	$ 6,067,652	$ 2,366,331

The Accompanying Notes are an Integral Part of These Financial Statements

NOTE 1 - NATURE OF ORGANIZATION

FilmL.A., Inc. dba FilmLA (the Organization or FilmLA) is a nonprofit 501(c)(4) public benefit corporation, organized for public purposes under the California Nonprofit Public Benefit Corporation Law.

In recognition of the importance of film and media production to the Southern California regional economy, the Organization was formed in 1995 in an effort to enhance film and media production and to attract and retain jobs.

The Organization supports efforts to retain film and media production in the region by:

- Providing efficient film permit coordination services.
- Serving as a resource for, and a liaison and mediator between, diverse communities and the production industry and local governments on film and media issues to mitigate the impact filming may have on the local residents and merchants.
- Creating opportunities and programs for enhancing, improving and addressing needs relating to the film and media production industry.

The Organization has contracts with multiple governmental entities ("permitting authorities") including the City of Los Angeles and the County of Los Angeles. The Organization contracts with each permitting authority with varying terms and expiration dates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) NET ASSETS

Net assets, revenues, gains, and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, all net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions**. Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves and board-designated capital expenditures reserves.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) NET ASSETS (continued)

- **Net Assets With Donor Restrictions**. Net assets subject to donor-imposed restrictions. None of the Organization's assets were subject to donor-imposed restrictions at June 30, 2021.

(c) CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments with an original maturity of three months or less at purchase to be cash and cash equivalents. The carrying value of cash and cash equivalents at June 30, 2021 approximates its fair value. The Organization has contracts with various permitting authorities that require cash reserves as determined by the contracts. Required cash reserves at June 30, 2021 were $1,981,671.

The Organization maintains its cash and cash equivalents in bank deposit and money market accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the statement of activities and represent the difference between the cost and fair value of investments held at the end of the fiscal year.

(e) ACCOUNTS RECEIVABLE

Accounts receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. As of June 30, 2021, accounts receivable are deemed fully collectible by the management of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments include primarily cash and cash equivalents, cash in bank - contractual reserves, accounts receivable, prepaid expenses and other assets, accounts payable, due to contracted permitting authorities, and due to permittees. Due to the short-term nature of these items, the carrying amounts approximate their fair value.

(g) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to $2,500 (purchased individually, or as a group of similar assets) and the useful life is greater than one year.

The estimated useful lives of property and equipment are as follows:

Software and Development Costs	3 Years
Computer Equipment	3 Years
Office Equipment	3 - 5 Years
Furniture and Fixtures	3 - 7 Years
Leasehold Improvements	Shorter of the Lease Term or Estimated Life of the Improvement

Software and development costs related to the permitting system have been capitalized or expensed in accordance with accounting standards on internal-use software recognition.

(h) LONG-LIVED ASSETS

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated value. During the year ended June 30, 2021, the Organization did not recognize any impairment expense.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) DUE TO PERMITTEES

Due to permittees represents amounts that the Organization expects to refund to its customers, in accordance with the terms and conditions of the film permits, when the actual amount that the Organization is billed by the permitting authorities for fees related to an individual permit is less than the amount estimated by the permitting authorities at the time the permit is issued. Following the completion of the permit activity, the permitting authorities bill the Organization for the actual service fees related to each permit. The amount the Organization actually pays the permitting authorities in connection with an individual permit may be less or more than the estimated amount collected from the customer.

When the Organization charges its customers more than what it finally pays the permitting authorities, the Organization will refund the difference to the permittee in accordance with the terms and conditions of the film permit. Excess estimated service fees are recognized as permit operations revenue in the period following lapse of the refund request requirement, which is 120 days after the end of filming, or later if final charges are received late. If the excess estimated service fee is less than $100, revenue is recognized in the period permitting authorities bill the Organization for the actual charges. FilmLA utilizes unrequested refunds to support its 501(c)(4) public benefit purpose, including, but not limited to, areas such as enhancing the film permitting process, marketing and promoting filming in the Greater Los Angeles region, student film projects, research and education about filming and any other uses that promote film production.

During the year ended June 30, 2021, the Organization recognized $618,736, for unrequested refunds, which is included in permit operations in the accompanying statements of activities. Unrequested refunds represented 3,319 permits with an average unclaimed refund amount of $186.42 for the year ended June 30, 2021.

(j) DUE TO CONTRACTED PERMITTING AUTHORITIES

Due to contracted permitting authorities represent amounts that the Organization estimates it will become obligated to pay permitting authorities for fees incurred in connection with filming activities conducted by the Organization's customers. Prior to releasing a permit, the Organization collects from its customers the total amount it charges for the permit. The total collected includes the permitting authorities' estimates of certain fees relating to the permit. Following completion of the associated permit activity, the permitting authorities submit invoices to the Organization for the actual fees and services incurred, which are based on the actual filming activity for that permit.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) DUE TO CONTRACTED PERMITTING AUTHORITIES (continued)

Permitting authorities historically invoice the Organization within one to six months from the date of permit issuance. The Organization is required to remit payment for service fees to the permitting authorities within thirty to sixty days of invoice receipt from the permitting authorities. The Organization estimates the liability to contracted permitting authorities based on the invoiced permits.

(k) DEFERRED RENT AND LEASE INCENTIVES

The Organization recognizes the benefits of rent abatement and other lease incentives, as well as escalating rent provisions, on a straight-line basis over the term of the lease. The resulting difference between rent expense and rent paid is recorded as a deferred rent liability. The deferred rent liability is then amortized on a straight-line basis over the lease term as a reduction in rent expense. The deferred rent and lease incentives liability at June 30, 2021 is $691,375.

(l) REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers include permit application fees, field service fees, and property management fees. Each are comprised of an exchange element that is satisfied as benefits are transferred to the customer. Performance obligations for permit application fees consist of providing a filming permit to the customer. As a result, revenues for the performance obligation are recognized at a point in time, when the permit transfers to the customer, which is instantaneously. The service does not create an asset with an alternative use for the Organization. Revenues derived from field service fees and property management fees consist of providing monitoring, notification, and other services during the course of a filming session. As these sessions range between a few hours to a few days, revenues from these contracts are recognized over-time, as the session occurs and the service is consumed. Excess estimated service fees are recognized as revenue in the period following lapse of the refund request period. There are $1,379,572 of contract receivables and no balance of contract liabilities for revenue from contracts with customers as of June 30, 2021.

(m) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Organization's programs and other activities have been presented in the statements of activities. During the year, such costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Organization uses facility square footage and employee full-time equivalents and salary dollars to allocate indirect costs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) INCOME TAXES

The Organization is a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code (the Code) and corresponding California provisions, as the Organization qualifies as a charitable organization whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal or state income tax. The Organization currently has no unrelated business income. Accordingly, no provision for federal or state income taxes has been recorded.

In accordance with the Financial Accounting Standards Board (FASB)'s Accounting Standards Codification Topic No. 740, *Uncertainty in Income Taxes*, the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2021, the Organization performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

(o) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses at the date of and for the period presented. Actual results could differ from those estimates.

(p) COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of U.S. GAAP and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of combined financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on principal versus agent considerations, licensing implementation guidance, scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For the Organization, the ASU and subsequent amendments was implemented during the year ending June 30, 2021. There were no significant changes as a result of the implementation.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the financial statements. For the Organization, the ASU will be effective for the year ending June 30, 2023.

(r) SUBSEQUENT EVENTS

The Organization evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2021 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 16, 2021, the date these financial statements were available to be issued. No such material event or transactions were noted to have occurred, except as noted in Note 7.

NOTE 3 - INVESTMENTS

The Organization has implemented the fair value accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs utilize unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table presents information about the Organization's assets that are measured at fair value on a recurring basis at June 30, 2021 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using		
	Year Ended June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	$ 288,279	$ 288,279	$ -	$ -
Corporate Bonds	3,572,495	3,572,495	-	-
Equity Funds	7,050,074	7,050,074	-	-
TOTAL INVESTMENTS	$ 10,910,848	$ 10,910,848	$ -	$ -

The following is a description of the valuation methodologies used for assets measured at fair value:

- **Money Market Funds:** Valued at carrying amount which approximates its fair value at year end and are classified as level 1.

- **Corporate Bonds:** Valued at the closing price reported on the active market on which the funds and bonds are traded and are classified as level 1.

- **Equity Funds:** Valued at the closing price reported on the active market on which the funds and bonds are traded and are classified as level 1.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 consist of the following:

Software and Development Costs	$ 3,675,157
Computer Equipment	188,920
Office Equipment	215,266
Furniture and Fixtures	549,881
Leasehold Improvements	2,226,804
TOTAL	6,856,028
Less: Accumulated Depreciation and Amortization	4,566,980
PROPERTY AND EQUIPMENT (NET)	$ 2,289,048

Depreciation and amortization expense for the year ended June 30, 2021 was $631,229.

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2021 consist of the following:

Accrued Salaries and Payroll Taxes	$ 1,182,550
Other	326,068
TOTAL ACCOUNTS PAYABLE AND ACCRUED EXPENSES	$ 1,508,618

NOTE 6 - DUE TO CONTRACTED PERMITTING AUTHORITIES

Amounts due to contracted permitting authorities at June 30, 2021 consist of the following:

City of Los Angeles	$ 3,982,151
City of Santa Monica	114,046
County of Los Angeles	148,566
Others	502,892
TOTAL DUE TO CONTRACTED PERMITTING AUTHORITIES	$ 4,747,655

NOTE 7 - LINE OF CREDIT

The Organization has a line of credit providing maximum borrowings of $3,000,000 with a bank, which matured on September 10, 2021. Principal and any accrued and unpaid interest are due at maturity, with interest-only payments due monthly at the bank's variable prime rate plus 0.25%. The prime rate at June 30, 2021 was 3.25%. The line of credit is secured by all property and assets of the Organization. There was no balance outstanding on the line of credit as of June 30, 2021.

In September 2021, the Organization amended the line of credit arrangement to extend maturity to September 10, 2022.

NOTE 8 - RETIREMENT PLAN

The Organization sponsors a 401(k) plan for the benefit of substantially all employees. Employees are eligible for the plan after one year of employment. The Organization matches 100% of the first 3% of employee contributions and 50% of the next 2% of employee contributions, and may elect at plan year end to match up to a total of 6% of eligible compensation. Employer contributions for the year ended June 30, 2021 were $268,355.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

The Organization leases office space and certain office equipment under operating leases with terms through February 2024.

Minimum future rental payments under these operating leases are as follows:

Years Ending June 30	
2022	$ 826,641
2023	851,441
2024	583,198
TOTAL	$ 2,261,280

Rent expense for the year ended June 30, 2021 was $592,830.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (continued)

(b) LITIGATION

In the ordinary course of conducting its business, the Organization may become involved in various lawsuits. Some of these proceedings may result in judgments being assessed against the Organization, which, from time to time, may have an impact on changes in net assets or its financial position. The Organization does not believe that these proceedings individually, or in the aggregate, would have a material effect on the accompanying financial statements.

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of undesignated and Board designated amounts for the following purposes at June 30, 2021:

Undesignated	$ 6,997,539
Board Designated Capital Expenditures Reserves	2,918,446
Board Designated Operating Reserves	3,174,930
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 13,093,105

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Organization at June 30, 2021 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2021:	
Cash and Cash Equivalents	$ 6,067,652
Investments	10,910,848
Accounts Receivable	1,379,572
TOTAL FINACIAL ASSETS AT JUNE 30, 2021	18,358,072
Less Amounts Not Available to Be Used Within One Year, Due to:	
Cash in Bank – Contractual Reserves	(1,981,671)
Board Designations:	
Capital Expenditures Reserves	(2,918,446)
Operating Reserves	(3,174,930)
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	$ 10,283,025

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (continued)

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. The Organization is substantially supported by services fees for permits and other services. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers accounts receivable balances expected to be collected in the next fiscal year as available for general expenditures. Additionally, the Organization had $3,000,000 of availability on its line of credit at June 30, 2021, (see Note 7). The line of credit, which matures in September 2022, can be utilized to fund operations and is not included in financial assets available to meet general expenditures within one year.

The Organization's investments are held for operations and reserves. The entire investment portfolio consists of highly liquid investments.

In the event of an unanticipated liquidity need, the Organization's Board Designated reserves totaling $6,093,376 could be made available for use at the Board's discretion.

The recent COVID-19 outbreak in the United States and worldwide has caused business disruption which may negatively impact the Organization's program services delivery and operations, as well as investments portfolio. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. It is therefore likely there will be an impact on the Organization's operating activities and results. However, the related financial impact and duration cannot be reasonably estimated at this time.