



C5 Youth Foundation of Southern California, Inc.

Financial Statements

December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
C5 Youth Foundation of Southern California, Inc.
Los Angeles, California

We have audited the accompanying financial statements of C5 Youth Foundation of Southern California, Inc. (a California nonprofit corporation) (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 C5 Youth Foundation of Southern California, Inc. as of December 31, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
Woodland Hills, California

August 24, 2021

C5 Youth Foundation of Southern California, Inc.
 Statements of Financial Position
 December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 969,803	\$ 611,296
Promises to give, net	363,407	260,467
Prepaid expenses and other current assets	15,784	37,898
Total current assets	1,348,994	909,661
Property and equipment, net	6,649	11,735
Non-current promises to give, net	184,364	365,318
Endowment investments	5,297,680	5,128,583
Total assets	\$ 6,837,687	\$ 6,415,297
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 60,410	\$ 96,108
Net assets		
Without donor restrictions	761,437	291,852
With donor restrictions		
Purpose and time restricted	718,160	898,754
Donor restricted endowment	5,297,680	5,128,523
Net assets with donor restrictions	6,015,840	6,027,337
Total net assets	6,777,277	6,319,189
Total liabilities and net assets	\$ 6,837,687	\$ 6,415,297

The accompanying notes are an integral part of these financial statements.

C5 Youth Foundation of Southern California, Inc.
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions and grants	\$ 221,980	\$ 818,826	\$ 1,040,806
Paycheck Protection Program loan forgiveness	144,000	-	144,000
Special event revenue, net of direct benefits to donors of \$499	283,341	-	283,341
In-kind contributions	78,797	-	78,797
Net investment return	-	169,132	169,132
Interest income	883	-	883
Net assets released from restriction	<u>999,455</u>	<u>(999,455)</u>	<u>-</u>
Total revenues, gains, and other support	<u>1,728,456</u>	<u>(11,497)</u>	<u>1,716,959</u>
 Functional expenses			
Program services	1,022,799	-	1,022,799
Management and general	120,834	-	120,834
Fundraising	<u>115,238</u>	<u>-</u>	<u>115,238</u>
Total functional expenses	<u>1,258,871</u>	<u>-</u>	<u>1,258,871</u>
 Change in net assets	469,585	(11,497)	458,088
 Net assets, beginning of year	<u>291,852</u>	<u>6,027,337</u>	<u>6,319,189</u>
 Net assets, end of year	<u>\$ 761,437</u>	<u>\$ 6,015,840</u>	<u>\$ 6,777,277</u>

The accompanying notes are an integral part of these financial statements.

C5 Youth Foundation of Southern California, Inc.
Statement of Activities
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Contributions and grants	\$ 356,876	\$ 5,652,917	\$ 6,009,793
Special event revenue, net of direct benefits to donors of \$92,122	205,418	-	205,418
In-kind contributions	75,000	-	75,000
Net investment return	-	128,555	128,555
Interest income	1,722	-	1,722
Net assets released from restriction	590,747	(590,747)	-
Total revenues, gains, and other support	<u>1,229,763</u>	<u>5,190,725</u>	<u>6,420,488</u>
Functional expenses			
Program services	1,366,213	-	1,366,213
Management and general	123,710	-	123,710
Fundraising	124,193	-	124,193
Total functional expenses	<u>1,614,116</u>	<u>-</u>	<u>1,614,116</u>
Change in net assets from operations	(384,353)	5,190,725	4,806,372
Allowance for doubtful accounts	<u>-</u>	<u>11,000</u>	<u>11,000</u>
Change in net assets	(384,353)	5,179,725	4,795,372
Net assets, beginning of year	<u>676,205</u>	<u>847,612</u>	<u>1,523,817</u>
Net assets, end of year	<u>\$ 291,852</u>	<u>\$ 6,027,337</u>	<u>\$ 6,319,189</u>

The accompanying notes are an integral part of these financial statements.

C5 Youth Foundation of Southern California, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes, and benefits	\$ 622,460	\$ 21,985	\$ 92,470	\$ 736,915
Summer programs	5,128	-	-	5,128
Travel	31,265	-	158	31,423
Depreciation	-	5,086	-	5,086
Field trips	6,681	-	-	6,681
Insurance	8,943	3,958	-	12,901
Office	58,662	11,214	9,110	78,986
Other	5,729	2,683	-	8,412
Scholarships	205,134	-	-	205,134
Professional services	-	75,908	13,500	89,408
Cost of direct benefits to donors	-	-	499	499
In-kind expense, camp facility	75,000	-	-	75,000
In-kind expenses, other	3,797	-	-	3,797
Total	<u>1,022,799</u>	<u>120,834</u>	<u>115,737</u>	<u>1,259,370</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	-	-	(499)	(499)
Total expenses included on the statement of activities	<u>\$ 1,022,799</u>	<u>\$ 120,834</u>	<u>\$ 115,238</u>	<u>\$ 1,258,871</u>

The accompanying notes are an integral part of these financial statements.

C5 Youth Foundation of Southern California, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes, and benefits	\$ 644,516	\$ 21,961	\$ 105,927	\$ 772,404
Summer programs	98,965	-	-	98,965
Travel	185,226	16	447	185,689
Depreciation	-	3,013	-	3,013
Field trips	39,601	-	-	39,601
Insurance	15,766	4,129	-	19,895
Office	90,820	17,198	11,586	119,604
Other	11,350	2,772	5,018	19,140
Honorariums and scholarships	204,969	-	-	204,969
Professional services	-	74,621	1,215	75,836
Cost of direct benefits to donors	-	-	92,122	92,122
In-kind expense, camp facility	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Total	<u>1,366,213</u>	<u>123,710</u>	<u>216,315</u>	<u>1,706,238</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>(92,122)</u>	<u>(92,122)</u>
Total expenses included on the statement of activities	<u>\$ 1,366,213</u>	<u>\$ 123,710</u>	<u>\$ 124,193</u>	<u>\$ 1,614,116</u>

The accompanying notes are an integral part of these financial statements.

C5 Youth Foundation of Southern California, Inc.
 Statements of Cash Flows
 For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 458,088	\$ 4,795,372
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	5,086	3,013
Loss on promises to give	4,150	11,000
Amortization of discount on promises to give	19,045	26,140
Noncash contribution revenue - donated stock	-	(4,995,024)
Net investment return	(169,132)	(86,137)
Paycheck Protection Program loan forgiveness	(144,000)	-
Changes in operating assets and liabilities		
Promises to give	54,819	182,688
Prepaid expenses and other current assets	22,114	(11,736)
Accounts payable and accrued expenses	(35,698)	70,914
Net cash provided by (used in) operating activities	214,472	(3,770)
Cash flows from investing activities		
Purchases of property and equipment	-	(12,437)
Purchase of investments	(561,185)	(5,420,623)
Proceeds from sales of investments	561,220	5,373,201
Net cash provided by (used in) investing activities	35	(59,859)
Cash flows from financing activities		
Proceeds from note payable - Paycheck Protection Program	144,000	-
Net cash provided by financing activities	144,000	-
Net increase (decrease) in cash and cash equivalents	358,507	(63,629)
Cash and cash equivalents, beginning of year	611,296	674,925
Cash and cash equivalents, end of year	\$ 969,803	\$ 611,296

The accompanying notes are an integral part of these financial statements.

C5 Youth Foundation of Southern California, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

1. ORGANIZATION

C5 Youth Foundation of Southern California, Inc. (C5LA), a California Nonprofit Corporation, located in Los Angeles, California is a five-year youth leadership development program that targets high-potential, under-resourced eighth graders to graduate high school, attend college, and become productive, happy, and successful leaders in their communities. The program includes a summer camp experience that sets goals and teaches the skills needed to be successful through each year of the program. C5LA encourages teens to be Character-driven, Community-focused, Challenge-ready, College-bound, and Committed to a better future. C5LA began administering scholarships for the youth leadership development program in 2019 with funds received from a donor.

The mission of C5LA is to change the odds for high-potential teens from risk-filled environments, inspiring them to pursue personal success, and preparing them for leadership roles in college, work, and their communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

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

Revenues, gains, expenses, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of C5LA. Included in net assets without donor restrictions is board designated operating reserves of \$156,874 and \$156,903 as of December 31, 2020 and 2019, respectively.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of C5LA and/or the passage of time. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As the restrictions are satisfied, that is, when a stipulated time restriction ends, or purpose restriction is satisfied, these net assets are reported in the accompanying financial statements as net assets released from restrictions.

Cash and cash equivalents

Cash and cash equivalents include all cash and highly liquid financial instruments with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes. Cash and highly liquid instruments restricted for endowments that are perpetual in nature are excluded from this definition.

C5 Youth Foundation of Southern California, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

C5LA accounts for investments in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958-320, *Not-for-Profit Entities: Investments - Debt and Equity Securities* (ASC 958-320). ASC 958-320 requires that investments in debt and equity securities with readily determinable fair values be reported at fair market value in the statements of financial position.

Sales and purchases of securities are recorded on the trade date, which results in receivables and payables on trades that have not yet settled at the financial statement date. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the exdividend 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 current market quotations of investments held at the end of the fiscal year. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Investments in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investments are made according to the investment policies, guidelines, and objectives adopted by C5LA's Board of Directors. These guidelines provide for investments in equities, fixed income, and other securities with performance measured against appropriate indices. Market values of such investments are routinely reviewed by the investment committee of the Board of Directors.

Fair value measurements

C5LA's statements of financial position include the following financial instruments: cash and cash equivalents, promises to give, and accounts payable and accrued expenses. C5LA considers the carrying amounts of their assets and liabilities noted herein to approximate their fair value because of the relatively short period of time between origination of the instrument and its expected realization.

C5LA has adopted Accounting Standards Codification No. 820-10, *Fair Value Measurements and Disclosures* (ASC 820-10) which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of inputs that may be used to measure fair value under ASC 820-10 are described below:

C5 Youth Foundation of Southern California, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs based on quoted prices in nonactive markets or in active markets for similar assets and liabilities. Inputs other than quoted prices that are observable or inputs that are not directly observable, but are corroborated by observable market data. C5LA did not have any investments that are categorized as Level 2 as of December 31, 2020 and 2019.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the measurements of the assets or liabilities. C5LA did not have any investments that are categorized as Level 3 as of December 31, 2020 and 2019.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair values of fixed income, equity securities and exchange traded products are based on quoted market prices.

Promises to give

C5LA records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. C5LA determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

C5LA recorded an allowance for uncollectible accounts of \$105,850 and \$110,000 as of December 31, 2020 and 2019, respectively.

Property and equipment

Property and equipment are stated at cost, or if acquired by gift, at the estimated fair value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is 10 years for camp leasehold improvements, and between 3 and 10 years for camp equipment. Expenditures for major renewals and improvements that extend the useful lives of the property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

C5 Youth Foundation of Southern California, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

C5LA recognizes the full amount of unconditional contributions and grants received in the period that they were made as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

C5LA reports gifts of cash and other assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, or a stipulated time restriction ends, 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.

In-kind contributions

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by C5LA. Contributed goods are recorded at fair value at the date of donation.

Functional allocation of expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort.

Income taxes

C5LA is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and the corresponding California Revenue and Taxation statute; however, unrelated business activities would be subject to income tax. No such activities have been conducted by C5LA, and accordingly, no provision for income taxes is included in the accompanying financial statements.

C5LA follows ASC 740, *Accounting for Income Taxes* (ASC 740), which provides detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Specifically, ASC 740-10-25 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

C5 Youth Foundation of Southern California, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by C5LA and recognize a tax liability (or asset) if C5LA has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by C5LA, and has concluded that as of December 31, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. C5LA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress. Management believes it is no longer subject to income tax examinations for years prior to 2018.

Use of estimates

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

Subsequent events

C5LA has evaluated subsequent events through August 24, 2021, the date the financial statements were available to be issued. C5LA received \$124,514 from a second round of Paycheck Protection Program ("PPP") loan funding during May 2021. The loan will be forgiven if the money is used for certain defined costs such as payroll, rent, mortgage interest, or utilities. The loan has a maturity of five years and an interest rate of 1%. C5LA fully expects the entirety of this loan amount to be forgiven. Other than the matter just described, no other subsequent events occurred that require additional recognition or disclosure in the financial statements.

3. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 37,526	\$ -	\$ -	\$ 37,526
Fixed income	817,231	-	-	817,231
Common stock	3,042,953	-	-	3,042,953
Real estate investment trusts	262,442	-	-	262,442
Mutual funds	1,089,611	-	-	1,089,611
Exchange traded products	<u>47,917</u>	<u>-</u>	<u>-</u>	<u>47,917</u>
	<u>\$ 5,297,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,297,680</u>

C5 Youth Foundation of Southern California, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2020	2019
Leasehold improvements - Camp buildings	\$ 300,000	\$ 300,000
Camp equipment	<u>32,299</u>	<u>32,299</u>
	332,299	332,299
Accumulated depreciation	<u>(325,650)</u>	<u>(320,564)</u>
	<u>\$ 6,649</u>	<u>\$ 11,735</u>

Depreciation expense was \$5,086 and \$3,013 for the years ended December 31, 2020 and 2019, respectively.

5. PROMISES TO GIVE

Promises to give consisted of the following:

	2020	2019
Due in less than one year	\$ 469,257	\$ 370,467
Due in one to four years	<u>200,000</u>	<u>400,000</u>
	<u>669,257</u>	<u>770,467</u>
Allowance of doubtful accounts	(105,850)	(110,000)
Discount to net present value	<u>(15,636)</u>	<u>(34,682)</u>
Less: current portion of promises to give, net	<u>(363,407)</u>	<u>(260,467)</u>
	<u>\$ 184,364</u>	<u>\$ 365,318</u>

C5LA discounted promises to give beyond a one-year horizon at the rate of 4%.

6. EMPLOYEE RETIREMENT PLAN

Through its human resources provider, TriNet, C5LA sponsors a defined contribution 401(k) retirement plan for eligible employees. Eligibility begins after completion of 3 months of service. Under the plan, employees may make tax-deferred contributions up to statutory limits. C5LA matches 100% of the first 6% of deferred salary with immediate vesting for qualified employees. For the years ended December 31, 2020 and 2019, employer contributions to the plan was \$22,845 and \$16,820, respectively.

C5 Youth Foundation of Southern California, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

7. COMMITMENTS

On November 1, 2016, C5LA entered into a lease agreement for office space in Los Angeles, California and on November 19, 2019, exercised the option to renew through October 31, 2022.

The scheduled minimum lease payments under the lease terms are as follows:

Year ending December 31,

2021		\$ 31,300
2022		<u>26,500</u>
		<u><u>\$ 57,800</u></u>

For the years ended December 31, 2020 and 2019, rent expense was \$28,451 and \$30,100, respectively.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Subject to passage of time		
For periods after December 31, 2020 and 2019	<u>\$ 547,778</u>	<u>\$ 730,923</u>
Subject to expenditure for specific purpose		
Scholarships	160,354	127,831
National staff summit	-	40,000
Pride	<u>5,000</u>	<u>-</u>
	<u>165,354</u>	<u>167,831</u>
Subject to spending policy and appropriation		
Corpus endowment fund	5,000,028	5,000,028
Unappropriated endowment earnings	<u>297,652</u>	<u>128,555</u>
	<u>5,297,680</u>	<u>5,128,583</u>
	<u><u>\$ 6,010,812</u></u>	<u><u>\$ 6,027,337</u></u>

C5 Youth Foundation of Southern California, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

8. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Donor restricted net assets released from restriction during the years ended December 31, 2020 and 2019 consist of the following:

	2020	2019
Grants and promises to give subject to the passage of time	\$ 811,978	\$ 192,169
Scholarships	187,477	398,578
	\$ 999,455	\$ 590,747

9. IN-KIND CONTRIBUTIONS

During the years ended December 31, 2020 and 2019, C5LA received an in-kind contribution from a board member who received no economic benefit in return by donating the use of a camp facility. The camp facility is used approximately two months during summer. The agreement to use the camp facility at no cost expired on December 31, 2018 and was verbally extended to December 31, 2020 (See Note 12). During 2020, the camp facility was sold to a new owner. C5LA is currently working with the new owner on an updated lease agreement to continue to use the camp facility. The estimated fair market value of the in-kind donated use of camp facility was \$75,000 during the years ended December 31, 2020 and 2019, respectively, and was recognized as in-kind contributions. In addition, there was \$3,797 of other in-kind donated contributions received during the year ended December 31, 2020.

10. ENDOWMENT

C5LA's endowment consists of funds established by a donor to provide student scholarships. The grant agreement allows C5LA to annually distribute up to 5% of the fair market value of the fund for the purpose of granting scholarships to students affiliated with C5LA. Fund distributions may not cause the fair market value of the fund to be less than the original gift amount. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of relevant law

C5LA's Board of Directors has interpreted the California enacted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, C5LA classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted endowment funds not retained in perpetuity are subject to appropriation for expenditure by C5LA in a manner consistent with the standard of prudence prescribed by UPMIFA.

C5 Youth Foundation of Southern California, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

10. ENDOWMENT (continued)

Interpretation of relevant law (continued)

In accordance with UPMIFA, C5LA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of C5LA
- (7) The investment policies of C5LA

Return objectives and risk parameters

C5LA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that C5LA must hold in perpetuity. Under this policy, as approved by the Board of Directors, C5LA diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category. Actual returns in any given year may vary from their respective benchmarks.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, C5LA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). C5LA targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending policy

C5LA's policy that governs the rate at which funds are transferred from the Endowment Fund to the operating budget is based on the restrictions in the respective grant agreements. Annual allocations to the operating fund are limited to 5% of the fair market value of the fund on January 1st of each calendar year. In no event shall any distribution from the fund cause the fair market value of the fund to be less than the original amount of the gift.

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10. ENDOWMENT (continued)

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires C5LA to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without donor restrictions unless the income from such endowment funds is restricted as to use in which case such amounts are reflected in net assets with donor restrictions. There were no deficiencies as of December 31, 2020.

Endowment composition

As of December 31, 2020, endowment net assets with donor restrictions composition by type of fund is as follows:

	2020	2019
Balance, beginning of year	\$ 5,128,583	\$ -
Donor restricted endowment fund		
Original donor-restricted gift	-	5,000,028
Net investment return	169,097	128,555
Balance, end of year	\$ 5,297,680	\$ 5,128,583

Changes in endowment net assets with donor restrictions for the year ended December 31, 2020 are as follows:

Balance, December 31, 2018		\$ -
Contributions		5,000,028
Net investment return		128,555
Balance, December 31, 2019		5,128,583
Net investment return		169,097
Balance, December 31, 2020		\$ 5,297,680

11. NOTE PAYABLE - PAYCHECK PROTECTION PROGRAM

In April 2020, C5LA received a loan in the amount of \$144,000 under the Payroll Protection Program (PPP Loan). The PPP Loan has a 2-year term and bears interest at an annual interest rate of 1%. The PPP Loan's maturity date is April 15, 2022.

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11. NOTE PAYABLE - PAYCHECK PROTECTION PROGRAM (continued)

Under the terms of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, PPP Loan recipients can apply for, and be granted forgiveness for, all or a portion of the PPP Loan and accrued interest. Any amount that is not eligible for forgiveness will remain as debt. In December 2020, the Organization received full forgiveness of the PPP Loan, which was recognized as loan forgiveness income in the statement of activities.

12. LEASE OF CAMP PREMISES

C5LA leased its camp premises, Camp Paintrock, located in Hyattville, Wyoming, subject to the terms of a Lease and Operating Agreement (the Agreement), dated January 1, 2009, entered into between C5LA and the John and Carolyn Alm Family Foundation (J&CAFF). The trustee of J&CAFF is a member of the C5LA's Board of Directors. Among other terms of the Agreement, the parties have agreed that:

- The term of the Agreement is effective from January 1, 2009 through December 31, 2018. The term of the Agreement was verbally extended to December 31, 2020.
- The camp premises are rented to C5LA at no cost, subject to the terms of the Agreement (recorded at estimated fair value of \$75,000).
- All capital improvements and facilities on the premises become the property of J&CAFF upon termination or expiration of the Agreement.
- While in operation, all improvements, including buildings, pools, wells, septic systems, fences, water tanks, and other facilities on the premises will be kept safe and in operable condition, at the expense of C5LA.

During 2020, Camp Paintrock was sold to an unrelated third party. While there was no formal agreement as of the date of this report, C5LA expects that the expired Agreement will be extended with the new owner.

13. CONCENTRATIONS OF RISK AND MAJOR DONORS

Cash, cash equivalents and investments

C5LA maintains its cash and cash equivalents and investments with various major commercial banks and financial institutions. From time to time, balances in C5LA's accounts exceed federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions. C5LA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents. Investments are made by C5LA and performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of C5LA.

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13. CONCENTRATIONS OF RISK AND MAJOR DONORS (continued)

Related party transactions

During the years ended December 31, 2020 and 2019, C5LA's Board Members contributed \$179,711 and \$182,411 or 12% and 3%, respectively, of total contributions.

As of December 31, 2020, promises to give from related parties totaled \$76,166.

Promises to give

During the year ended December 31, 2020, two donors accounted for approximately 96% of promises to give. As of December 31, 2019, one donor accounted for approximately 80% of promises to give.

Contributions and grants

During 2020, the Organization received contributions from two donors totaling \$414,045, which constitutes approximately 27% of total contribution and grants revenue.

During 2019, the Organization received contributions from one donor totaling \$5,386,169, which constitutes approximately 85% of total contribution and grants revenue.

14. LIQUIDITY AND FUNDS AVAILABLE

The following reflects C5LA's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

C5LA considers contributions restricted for programs which are ongoing, major, and central to its annual operations, as well as promises to give due in one year, to be available to meet cash needs for general expenditures. C5LA has a liquidity policy to structure financial assets to be available as general expenditures, liabilities, and other obligations come due. C5LA has cash and cash equivalents available to meet liquidity needs. Promises to give that are considered current will be collected from donors within one year. In the event the need arises to utilize the board-designated funds for liquidity purposes, the board-designated operating reserve could be drawn upon through board resolution.

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14. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure which describes assets that are available within one year of December 31, 2020 and 2019 to fund general expenditures and other obligations when they become due:

	2020	2019
Cash and cash equivalents	\$ 969,803	\$ 611,296
Promises to give	363,407	260,467
Less: board- designated operating reserve	(156,874)	(156,903)
Less: donor restricted funds	-	(1,000)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 1,176,336	 \$ 713,860

15. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter-in-place orders. Impacts to C5LA's operations have included reduced contributions and increased difficulties in fundraising. COVID-19 has adversely affected the economy and financial markets for many countries, resulting in an economic downturn that could continue to affect C5LA's mission and impact operating results. Any of the forgoing could harm C5LA's operations and management cannot anticipate all the ways in which the COVID-19 pandemic could adversely impact C5LA's operations. Although management continues to monitor and assess the effects of the COVID-19 pandemic on C5LA's operations, the ultimate impact of the COVID-19 outbreak or similar health epidemics continues to be highly uncertain and subject to change.