



Our Kids.  
Our Community.  
Our Legacy.

**REDONDO BEACH EDUCATIONAL FOUNDATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
Redondo Beach Educational Foundation:

### **Opinion**

We have audited the accompanying financial statements of the Redondo Beach Educational Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Redondo Beach Educational Foundation as of June 30, 2022, and the changes in net assets and its cash flows for the fiscal year 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Redondo Beach Educational Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Redondo Beach Educational Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Redondo Beach Educational Foundation'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.

*Evergreen Alliance*

Los Alamitos, California

April 7, 2023

**REDONDO BEACH EDUCATIONAL FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2022**

**ASSETS**

**CURRENT ASSETS**

|                           |               |
|---------------------------|---------------|
| Cash and cash equivalents | \$ 631,025    |
| Accounts receivable       | 18,989        |
| Investments               | 1,272,099     |
| Prepaid expense           | <u>22,638</u> |

**TOTAL ASSETS** \$ 1,944,751

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                                       |                |
|---------------------------------------|----------------|
| Accounts payable and accrued expenses | \$ 37,469      |
| Accrued employee related expenses     | 7,257          |
| Deferred revenue                      | <u>307,393</u> |

**TOTAL LIABILITIES** 352,119

**NET ASSETS**

|                            |           |
|----------------------------|-----------|
| Without donor restrictions | 1,592,632 |
| With donor restrictions    | <u>--</u> |

**TOTAL NET ASSETS** 1,592,632

**TOTAL LIABILITIES AND NET ASSETS** \$ 1,944,751

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

**REDONDO BEACH EDUCATIONAL FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|--|---------------------------------------|------------------------------------|---------------------|
| <b>REVENUE AND SUPPORT</b>             |                                       |                                    |                     |
| Grants and contributions               | \$ 1,538,626                          | \$ --                              | \$ 1,538,626        |
| Program services                       | 424,088                               | --                                 | 424,088             |
| In-kind contributions                  | 12,880                                | --                                 | 12,880              |
| Investment income, net                 | ( 155,318)                            | --                                 | ( 155,318)          |
| Net assets released from restrictions  | <u>--</u>                             | <u>--</u>                          | <u>--</u>           |
|  | 1,820,276                             | --                                 | 1,820,276           |
| <b>SPECIAL EVENTS</b>                  |                                       |                                    |                     |
| Special events revenue                 | 136,923                               | --                                 | 136,923             |
| In-kind special events revenue         | 34,832                                | --                                 | 34,832              |
| Special events expense                 | ( 111,858)                            | --                                 | ( 111,858)          |
| Total Special Events, Net              | <u>59,897</u>                         | <u>--</u>                          | <u>59,897</u>       |
| <b>TOTAL REVENUE AND SUPPORT</b>       | 1,880,173                             | --                                 | 1,880,173           |
| <b>EXPENSES</b>                        |                                       |                                    |                     |
| Program services                       | 1,536,184                             | --                                 | 1,536,184           |
| Supporting services:                   |                                       |                                    |                     |
| Management and general                 | 97,775                                | --                                 | 97,775              |
| Fundraising                            | <u>123,211</u>                        | <u>--</u>                          | <u>123,211</u>      |
| <b>TOTAL EXPENSES</b>                  | <u>1,757,170</u>                      | <u>--</u>                          | <u>1,757,170</u>    |
| <b>CHANGE IN NET ASSETS</b>            | 123,003                               | --                                 | 123,003             |
| <b>NET ASSETS AT BEGINNING OF YEAR</b> | <u>1,469,629</u>                      | <u>--</u>                          | <u>1,469,629</u>    |
| <b>NET ASSETS AT END OF YEAR</b>       | <u>\$ 1,592,632</u>                   | <u>\$ --</u>                       | <u>\$ 1,592,632</u> |

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

**REDONDO BEACH EDUCATIONAL FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                 | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>        |
|---------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| <b>PERSONNEL EXPENSES</b>       |                             |                                   |                    |                     |
| Salaries and wages:             |                             |                                   |                    |                     |
| Direct program support          | \$ 213,336                  | \$ --                             | \$ --              | \$ 213,336          |
| Supporting services             | 32,917                      | 47,273                            | 34,792             | 114,982             |
| Employee benefits and taxes     | <u>23,767</u>               | <u>6,978</u>                      | <u>5,135</u>       | <u>35,880</u>       |
| <b>TOTAL PERSONNEL EXPENSES</b> | 270,020                     | 54,251                            | 39,927             | 364,198             |
| <b>OTHER EXPENSES</b>           |                             |                                   |                    |                     |
| Grants to organizations         | 1,192,788                   | --                                | --                 | 1,192,788           |
| Grants to individuals           | 4,000                       | --                                | --                 | 4,000               |
| Other program expenses          | 26,161                      | --                                | --                 | 26,161              |
| Outside services                | 10,660                      | 3,320                             | 1,250              | 15,230              |
| Insurance                       | 1,309                       | 5,234                             | --                 | 6,543               |
| In-kind rent                    | 3,687                       | 5,295                             | 3,898              | 12,880              |
| Office expenses                 | 1,788                       | 2,170                             | 5,473              | 9,431               |
| Travel                          | 265                         | 379                               | 279                | 923                 |
| Promotion and advertising       | 2,631                       | 100                               | 31,028             | 33,759              |
| Licenses and fees               | 10,998                      | 315                               | 25,339             | 36,652              |
| Information technology          | 1,076                       | 3,051                             | 1,615              | 5,742               |
| Professional services:          |                             |                                   |                    |                     |
| Accounting                      | --                          | 10,089                            | --                 | 10,089              |
| Consulting                      | 10,801                      | 10,801                            | 14,402             | 36,004              |
| Legal                           | <u>--</u>                   | <u>2,770</u>                      | <u>--</u>          | <u>2,770</u>        |
| <b>TOTAL OTHER EXPENSES</b>     | <u>1,266,164</u>            | <u>43,524</u>                     | <u>83,284</u>      | <u>1,392,972</u>    |
| <b>TOTAL EXPENSES</b>           | <u>\$ 1,536,184</u>         | <u>\$ 97,775</u>                  | <u>\$ 123,211</u>  | <u>\$ 1,757,170</u> |

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

**REDONDO BEACH EDUCATIONAL FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |    |                |
|--|----|----------------|
| Change in net assets   | \$ | 123,003        |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |    |                |
| Forgiveness of PPP loan  | (  | 71,235)        |
| Realized loss on investments   |    | 31,674         |
| Unrealized loss on investments   |    | 116,040        |
| Change in operating assets and liabilities:  |    |                |
| Accounts receivable  | (  | 4,984)         |
| Prepaid expenses   | (  | 4,032)         |
| Accounts payable and accrued expenses  |    | 26,403         |
| Accrued employee related expenses  |    | 7,257          |
| Deferred revenue   | (  | 68,433)        |
| Net Cash Provided By Operating Activities  |    | <u>155,693</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                                       |   |                  |
|---------------------------------------|---|------------------|
| Proceeds from sales of investments    |   | 590,868          |
| Purchases of investments              | ( | 974,297)         |
| Net Cash Used In Investing Activities |   | <u>(383,429)</u> |

**NET CHANGE IN CASH AND  
CASH EQUIVALENTS**

( 227,736)

**CASH AND CASH EQUIVALENTS AT  
BEGINNING OF YEAR**

858,761

**CASH AND CASH EQUIVALENTS AT  
END OF YEAR**

\$ 631,025

**SUPPLEMENTAL DISCLOSURES**

|                                |      |
|--------------------------------|------|
| Cash paid for interest         | NONE |
| Cash paid for income taxes     | NONE |
| Noncash investing transactions | NONE |
| Noncash financing transactions | NONE |

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



**REDONDO BEACH EDUCATIONAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1 – Organization**

The Redondo Beach Educational Foundation (the “Foundation” or “RBEF”) was incorporated in 1991 and designated as a 501(c)(3) not-for-profit corporation. The Foundation is located in Redondo Beach, California. The purpose of the Foundation is to inspire the community to invest in Redondo Beach public schools so that every student can develop knowledge and skills that go beyond what public funding alone would achieve.

RBEF was formed by parents and community leaders who realized that an excellent school system could not rely on state funding alone. RBEF is rooted in the belief that the best opportunities come from creating the most well-rounded children, providing the foundation and support for the whole child. One of the goals of RBEF is to provide equal programming to all schools across the district, regardless of levels of financial support from parents at each given school site.

RBEF funded more than \$1 million in programs and staff during the fiscal year-ended June 30, 2022 that impacted nearly 10,000 students in the Redondo Beach Unified School District (RBUSD). Highlights of RBEF’s recent funding include elementary band and vocal music programs, and high-school band instruments; STEM Programs including robotics at all levels; Credentialed Physical Education Teachers at every elementary school; Teacher Grants; AVID at the middle and high school levels; enhancements to the high school library; and more. In addition, RBEF serves as the administrator for high school summer sports camps and academic enrichment courses and have over 1,000 high school participants annually. A limited number of scholarships are available for those who qualify, to help ensure that all students who want access to the programs are able to participate.

The Redondo Beach Education Foundation supports nearly 10,000 students in the Redondo Beach Unified School District. Twelve percent of RBUSD students are eligible for free or reduced-price meals and/or classified as English learners and three of the local schools are classified as Title I. The District provides a top-notch education to all students regardless of ethnic, socioeconomic background, home language, gender, gender identity, or learning ability/disability.

The Foundation’s support comes primarily from program fees, grants, contributions, and fundraising activities.

**REDONDO BEACH EDUCATIONAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 2 – Summary of Significant Accounting Policies**

***Basis of Presentation of Financial Statements***

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

***Cash and Cash Equivalents***

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

***Contributions Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The Foundation determines the allowance for doubtful contributions based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions are written off when deemed uncollectible.

Conditional promises to give are not included as support until the conditions are substantially met.

***Accounts Receivable***

Accounts receivable consist primarily of amounts due from donor pledges and sponsorships from fundraising events, and are stated at the amount that management expects to collect from outstanding balances. Accounts receivable are written off when they are deemed to be uncollectible.

**REDONDO BEACH EDUCATIONAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 2 – Summary of Significant Accounting Policies (continued)**

***Property and Equipment***

The Foundation's policy is to capitalize asset additions over \$5,000. Property and equipment are stated at cost, with the exception of donated equipment, which is recorded at fair market value on the date received. Depreciation has been provided on the straight-line method over the useful lives of the assets, which are generally three to twenty years. Expenditures for repairs and maintenance are expensed as incurred. The Foundation had no property and equipment as of June 30, 2022.

***Deferred Revenue***

Deferred revenue consists of advance receipts of program fees that will be recognized during the period for which the revenue relates.

***Classification of Net Assets***

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, 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 or grantor restrictions.

*Net Assets with Donor Restrictions* – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, for example contributed assets that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for example stipulating resources be maintained in perpetuity. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor-imposed restrictions. The expirations of donor-imposed restrictions are recognized when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

As of June 30, 2022, the Foundation did not have any net assets with donor restrictions.

**REDONDO BEACH EDUCATIONAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Revenue Recognition***

Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets, or an unconditional promises to give are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Program fees that are received in advance are deferred to the applicable period in which the related services are performed or the event occurs.

***Donated Goods, Facilities and Services***

Contributed goods and facilities are recorded at fair value at the date of donation. Contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. During the fiscal year ended June 30, 2022, the Foundation received \$47,712 of in-kind donations. Also see Note 7.

***Promotion and Advertising***

The Foundation uses advertising to promote and bring awareness to its programs. Promotion and advertising expenses are charged to operations when incurred. Total expenses for the fiscal year ended June 30, 2022 were \$33,759.

***Estimates***

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

***Financial Instruments and Credit Risk***

Deposit concentrations are managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with contributions receivable and accounts receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from educational institutions and corporate contributors supportive of the mission.

**REDONDO BEACH EDUCATIONAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Income Tax Status***

The Foundation has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and under Revenue and Taxation Code Section 23701d, respectively.

Since the Foundation is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Foundation uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization returns are more likely than not to be sustained upon examination. The Foundation's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

***Accounting Pronouncements Adopted***

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is aimed to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU 2020-07 became effective for nonpublic business entities for the annual reporting period beginning after June 15, 2021.

***Recent Accounting Pronouncements***

In February 2016, FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic business entities for the annual reporting period beginning after December 15, 2021. The Foundation does not believe this ASU will have a material effect on the financial statements.

***Subsequent Events***

The Foundation has evaluated subsequent events through April 7, 2023, which is the date the financial statements were available to be issued, noting no items requiring disclosure.

**REDONDO BEACH EDUCATIONAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 3 – Liquidity and Availability**

At June 30, 2022, the Foundation had the following financial assets available to meet cash needs for general expenditures within one year:

|                           |                         |
|---------------------------|-------------------------|
| Cash and cash equivalents | \$ 631,025              |
| Accounts receivable       | 18,989                  |
| Investments               | <u>1,272,099</u>        |
| <br>Total                 | <br><u>\$ 1,922,113</u> |

The Foundation has a goal to maintain at least 6 months of normal operating expenses in short-term liquid investments, and all other amounts will be invested in debt and equity investments in conjunction with the Foundation’s Investment Policy. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**NOTE 4 – Accounts Receivable**

Accounts receivable are summarized as follows at June 30, 2022:

|                     |           |
|---------------------|-----------|
| Accounts receivable | \$ 18,989 |
|---------------------|-----------|

There was no net present value discount deemed necessary by management at June 30, 2022 as all items were expected to be collected within one year. There was no allowance for doubtful accounts deemed necessary by management at June 30, 2022.

At June 30, 2022, one donor accounted for 30% of the Foundation’s accounts receivable.

**NOTE 5 – Fair Value Measurements and Disclosures**

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell assets in an orderly transaction in the principal, most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the assets, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

**REDONDO BEACH EDUCATIONAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 5 – Fair Value Measurements and Disclosures (continued)**

A three-tier hierarchy categorizes the inputs as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2022:

|                       | <u><b>Fair Value Measurements at Reporting Date Using</b></u>  |   |   |
|-----------------------|--|---|---|
|                       | <u><b>Quoted<br/>Prices in<br/>Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level 1)</b></u> | <u><b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</b></u> | <u><b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b></u> |
| Mutual funds          | \$ 703,141   | \$ --   | \$ --   |
| Exchange traded funds | 63,421   | --  | --  |
| Stocks                | <u>505,537</u>   | <u>--</u>   | <u>--</u>   |
| Total                 | <u>\$ 1,272,099</u>  | <u>\$ --</u>  | <u>\$ --</u>  |

**REDONDO BEACH EDUCATIONAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 6 – Paycheck Protection Program Loan Payable**

In April 2020 and July 2021, the Foundation received loan proceeds under the Paycheck Protection Program (PPP) in the amount of \$77,995 and \$71,235, respectively. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest were forgivable after eight or twenty-four weeks as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its full time equivalent (FTE) headcount levels.

During the fiscal years ended June 30, 2022 and 2021, the Foundation’s applications for forgiveness for the first and second PPP loans were approved and the full amount of the loans was recognized as contribution revenue on the statement of activities in each respective fiscal year.

While the Foundation currently believes that the loan forgiveness was based on meeting the eligibility criteria, the Small Business Administration (SBA) reserves the right to re-review the loan application and subsequent forgiveness within six years following the date of loan forgiveness.

**NOTE 7 – Donated Goods, Facilities and Services**

The Foundation’s financial statements include the following in-kind contribution revenue for the fiscal year ended June 30, 2022:

|                                  |                  |
|----------------------------------|------------------|
| Contributed rent                 | \$ 12,880        |
| Donated goods for special events | <u>34,832</u>    |
|                                  | <u>\$ 47,712</u> |

Donated goods received by the Foundation during the fiscal year ended June 30, 2022 were received without donor restrictions in conjunction with the Foundation’s fundraising events. The value of donated goods was estimated based on comparable sales of similar goods at retail prices within the local market available to the Organization.



**REDONDO BEACH EDUCATIONAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 8 – Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural and functional classification detail of expenses. Certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages – supporting services, employee benefits and taxes, outside services, insurance, in-kind rent, office expenses, travel, promotion and advertising, licenses and fees, information technology, and professional services (consulting), which are allocated on the basis of estimates of time and effort.

**NOTE 9 – Economic Uncertainty**

Global economies and financial markets have been impacted during the pandemic that began in December 2019 and continues in various capacities through the date the Foundation's financial statements were available for issuance. Although management continues to monitor and assess the effects of the pandemic on the Foundation, the ultimate impact of the outbreak or a similar health epidemic is highly uncertain and subject to change.