Gorfine Schiller Gardyn
Certified Public Accountants and Consultants

Central Scholarship
Go Higher.

THE CENTRAL SCHOLARSHIP BUREAU, INC.

FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

THE CENTRAL SCHOLARSHIP BUREAU, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Central Scholarship Bureau, Inc.
Owings Mills, Maryland

We have audited the accompanying statements of financial position of The Central Scholarship Bureau, Inc. as of June 30, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Basis for Qualified Opinion

As discussed in Note H to the financial statements, The Central Scholarship Bureau, Inc. reports its investment in Laydon Park, Inc., a majority owned subsidiary, on the equity method of accounting. In our opinion, accounting principles generally accepted in the United States of America require all majority owned subsidiaries to be accounted for as consolidated subsidiaries. If the financial statements of The Central Scholarship Bureau, Inc. had been consolidated with those of Laydon Park, Inc., total assets, net of liabilities and net assets would be increased by approximately $383,000 and $382,000 as of June 30, 2020 and 2019, respectively, and changes in net assets would be increased by approximately $25,000 and $26,000, for the years ended June 30, 2020 and 2019, respectively.

Qualified Opinion

In our opinion, except for the effects on the financial statements of not consolidating all majority owned subsidiaries as described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The Central Scholarship Bureau, Inc. as of June 30, 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.

Gorfine, Schiller + Gardyn, P.A.

April 29, 2021
Owings Mills, Maryland

FINANCIAL STATEMENTS

THE CENTRAL SCHOLARSHIP BUREAU, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
ASSETS						
Cash and cash equivalents	$ 635,968	$ 782,882	$ 1,418,850	$ 792,034	$ -	$ 792,034
Loans receivable, net of allowance	2,183,304	-	2,183,304	2,293,784	-	2,293,784
Contributions receivable, net of discount	273,673	295,405	569,078	168,888	661,969	830,857
Investments, at fair value	1,107,435	5,659,635	6,767,070	1,338,680	6,166,589	7,505,269
Property and equipment, net of accumulated depreciation	3,243	-	3,243	7,394	-	7,394
Investment in LLC	-	500,000	500,000	-	500,000	500,000
Investment in Laydon Park, Inc.	893,356	-	893,356	892,233	-	892,233
Other assets	28,549	40,616	69,165	16,445	-	16,445
TOTAL ASSETS	$ 5,125,528	$ 7,278,538	$ 12,404,066	$ 5,509,458	$ 7,328,558	$ 12,838,016
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable	$ 18,188	$ -	$ 18,188	$ 32,095	$ -	$ 32,095
Accrued expenses	73,059	-	73,059	84,548	-	84,548
Scholarship commitments	34,182	-	34,182	32,675	-	32,675
PPP Loan	152,200	-	152,200	-	-	-
Total liabilities	277,629	-	277,629	149,318	-	149,318
NET ASSETS	4,847,899	7,278,538	12,126,437	5,360,140	7,328,558	12,688,698
TOTAL LIABILITIES AND NET ASSETS	$ 5,125,528	$ 7,278,538	$ 12,404,066	$ 5,509,458	$ 7,328,558	$ 12,838,016

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

THE CENTRAL SCHOLARSHIP BUREAU, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT						
Contributions	$ 501,723	$ 729,384	$ 1,231,107	$ 612,062	$ 960,235	$ 1,572,297
REVENUE						
Program service fees	-	-	-	16,863	-	16,863
RECLASSIFICATIONS						
Net assets released from restrictions	779,404	(779,404)	-	762,330	(762,330)	-
Total public support, revenue and reclassifications	1,281,127	(50,020)	1,231,107	1,391,255	197,905	1,589,160
EXPENSES						
Program						
Student services - loans and grants	1,584,300	-	1,584,300	1,774,556	-	1,774,556
Supporting services						
Management and general	159,675	-	159,675	182,258	-	182,258
Fundraising	197,253	-	197,253	210,802	-	210,802
Total supporting services	356,928	-	356,928	393,060	-	393,060
Total expenses	1,941,228	-	1,941,228	2,167,616	-	2,167,616
OPERATING (LOSS) INCOME	(660,101)	(50,020)	(710,121)	(776,361)	197,905	(578,456)
OTHER INCOME (EXPENSE)						
Net investment income	95,239	-	95,239	374,355	-	374,355
Income from investment in Laydon Park, Inc.	57,740	-	57,740	55,894	-	55,894
Miscellaneous income	-	-	-	1,289	-	1,289
Income tax expense	(5,119)	-	(5,119)	(4,109)	-	(4,109)
Loss on disposal of property and equipment	-	-	-	(2,318)	-	(2,318)
Net other income	147,860	-	147,860	425,111	-	425,111
CHANGES IN NET ASSETS	(512,241)	(50,020)	(562,261)	(351,250)	197,905	(153,345)
NET ASSETS - Beginning of year	5,360,140	7,328,558	12,688,698	5,711,390	7,130,653	12,842,043
NET ASSETS - End of year	$ 4,847,899	$ 7,278,538	$ 12,126,437	$ 5,360,140	$ 7,328,558	$ 12,688,698

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

THE CENTRAL SCHOLARSHIP BUREAU, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2020 and 2019

	2020				2019			
	Student Services - Loans and Grants	Management and General	Fundraising	Total	Student Services - Loans and Grants	Management and General	Fundraising	Total
PERSONNEL COSTS								
Salaries	$ 473,426	$ 55,654	$ 158,060	$ 687,140	$ 552,364	$ 64,287	$ 170,355	$ 787,006
Payroll taxes and benefits	95,369	11,211	31,840	138,420	101,612	11,827	31,338	144,777
Total personnel costs	568,795	66,865	189,900	825,560	653,976	76,114	201,693	931,783
GRANTS	779,441	-	-	779,441	886,089	-	-	886,089
OTHER EXPENSES								
Accounting and auditing fees	34,909	44,939	852	80,700	17,679	39,039	380	57,098
Bad debt (recovered) expense	-	-	-	-	(4,498)	15,000	-	10,502
Bank service charge	5,265	951	127	6,343	4,165	792	106	5,063
Consulting	25,140	-	-	25,140	22,664	-	-	22,664
Depreciation expense	3,445	623	83	4,151	6,101	1,102	147	7,350
Information technology expenses	35,945	5,184	691	41,820	45,825	8,282	1,104	55,211
Insurance	5,239	2,312	154	7,705	6,441	2,842	189	9,472
Maintenance contracts	2,872	519	69	3,460	4,022	727	97	4,846
Meetings	1,816	1,522	799	4,137	1,207	2,142	176	3,525
Membership and publication	-	17,033	-	17,033	-	17,431	-	17,431
Office	3,842	1,024	256	5,122	5,025	1,324	327	6,676
Other program expenses	32,474	-	-	32,474	50,757	-	-	50,757
Postage	3,617	834	1,113	5,564	3,996	922	1,230	6,148
Promotion	3,140	-	163	3,303	475	-	2,854	3,329
Rent expense	46,481	11,918	1,192	59,591	48,216	12,363	1,236	61,815
Stationery and printing	19,274	3,613	1,205	24,092	9,266	1,738	579	11,583
Telephone and utilities	8,986	1,684	562	11,232	9,545	1,789	597	11,931
Travel	3,619	654	87	4,360	3,605	651	87	4,343
Total other expenses	236,064	92,810	7,353	336,227	234,491	106,144	9,109	349,744
TOTAL EXPENSES	$ 1,584,300	$ 159,675	$ 197,253	$ 1,941,228	$ 1,774,556	$ 182,258	$ 210,802	$ 2,167,616

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

THE CENTRAL SCHOLARSHIP BUREAU, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (562,261)	$ (153,345)
Adjustments to reconcile changes in net assets to net cash and cash equivalents (used in) provided by operating activities:		
Depreciation	4,151	7,350
Bad debt expense	-	10,502
Loss on disposal of property and equipment	-	2,318
Net losses (gains) on investing activities	46,393	(245,739)
Net consolidated investment fund income	(38,106)	(31,171)
Stock contributions	(17,921)	(53,943)
Equity method income from Laydon Park, Inc.	(57,740)	(55,894)
Changes in operating assets and liabilities:		
Loans receivable	110,480	176,188
Contributions receivable	261,779	238,357
Other assets	(52,720)	2,912
Accounts payable	(13,907)	23,549
Accrued expenses	(11,489)	84,328
Scholarship commitments	1,507	7,494
Net cash (used in) provided by operating activities	(329,834)	12,906
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	892,070	58,694
Purchases of investments	(170,684)	(1,491,964)
Dividends from Laydon Park, Inc.	56,617	55,640
Distributions from consolidated investment fund	26,447	867,534
Net cash provided by (used in) investing activities	804,450	(510,096)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Loan	152,200	-
NET CHANGES IN CASH AND CASH EQUIVALENTS	626,816	(497,190)
CASH AND CASH EQUIVALENTS - Beginning of year	792,034	1,289,224
CASH AND CASH EQUIVALENTS - End of year	$ 1,418,850	$ 792,034

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Operations

The Central Scholarship Bureau, Inc. (Organization) is a Maryland non-stock not-for-profit organization that helps Marylanders fulfill their dreams of pursuing higher education by making higher education more affordable. The Organization awards need-based scholarships and interest-free loans to high-performing students throughout Maryland, offers College Cash® financial education seminars to students and parents to help them become more informed higher education consumers, and advocates for legislation that makes higher education more affordable for all Marylanders.

2. Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting, except for not consolidating a majority owned subsidiary, in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities* (FASB ASC 958). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions includes all gifts from donors that are restricted in some manner to their use (for a specified purpose) and/or the passage of time. The primary restrictions on these net assets are for the awarding of scholarships and interest-free loans.

Net assets with donor restrictions also include those not subject to appropriation or expenditure. This includes the principal amount of all gifts designated by the donors to be invested in perpetuity. The income from this fund is utilized for operating expenses or loans and grants to students.

3. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

4. Revenue Recognition

Contribution revenue is recognized when received, or, if a promise to give, when the promise is received. Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor-stipulation or by law. Contributions with donor-imposed restrictions (for a specific purpose or related to the passage of time) are reported as increases in net assets with donor restrictions. Expirations of donor-imposed restrictions are reported as releases of restrictions between the applicable classes of net assets.

5. Fair Value Measurements

The Organization determines the fair value of certain assets and liabilities through the application of FASB ASC 820, *Fair Value Measurements and Disclosures* (FASB ASC 820). The standard clarifies that fair value is the amount that would be exchanged to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date.

6. Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

The Organization maintains cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The Organization also maintains cash and cash equivalents with security brokers, which are not subject to FDIC insurance. The Organization has not experienced any losses and believes it is not exposed to any significant credit risk as a result of these deposits.

7. Loans Receivable

The Organization's loans to students are non-interest bearing and are repaid over the loan term agreed upon with the student, generally ten years. Student repayments commence within six months after graduation from the post-secondary institution. Based on experience with collections from students, the Organization has established an allowance for doubtful accounts representing the Organization's estimate of uncollectible loans.

8. Investments

The Organization invests in marketable securities classified as available-for-sale, which are carried at fair value. Unrealized gains and losses are reported in the statements of activities as a part of other income. Non-cash contributions of securities received by the Organization are recorded at fair value as of the date of the contribution.

9. Property and Equipment

Property and equipment with a cost in excess of $1,000 is capitalized and depreciated over its estimated useful life. Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the useful lives of the assets. All property and equipment has an estimated useful life of between three and ten years.

10. Investment in LLC

Given the lack of significant influence exhorted over the investee, the Organization elects to record the investment in LLC using the cost method of accounting for investments under U.S. GAAP, whereby the Organization recognizes the investment asset at its historical cost, only adjusted should the fair market value of the investment fall below this amount. Income is recorded for any dividends provided to the Organization by the investee.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

11. Investment in Laydon Park, Inc.

Given the significant influence exhorted by the Organization over the investee, the Organization records the investment using the equity method of accounting for investments under U.S. GAAP, whereby the Organization recognizes its share of the earnings or losses of the investee, both as income or expense in the statements of activities, as well as an adjustment to the original investment asset in the statement of financial position.

12. Functional Expense Allocations

Expenses are charged directly to program and support services, if possible. Salaries expense allocated to program and support services is done so based upon an estimate of each employee's time spent on programmatic and support service activities in relation to total time and effort. Other personnel related costs are allocated to program and support services based upon the ratio of program and support services payroll to total payroll. Facilities and other office expenses allocated to program and support services are done so based upon the square footage of office space dedicated to program and support service functions.

13. Income Tax Status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly-supported organization, which is not a private foundation under Section 509(a) of the Code.

FASB ASC 740, *Accounting for Income Taxes,* requires the Organization to recognize or disclose any tax positions that would result in unrecognized tax benefits. The Organization has no positions that would require disclosure or recognition under the topic.

14. Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires that revenue recognition be determined by applying a five-step process. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which makes *Topic 606* effective for the Organization for the fiscal year ending June 30, 2021. The Organization is evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In February 2016, FASB issued ASU 2016-02, *Accounting for Leases (Topic 842)*, which requires lessees to recognize the assets and liabilities that arise from certain leasing arrangements and present these assets and liabilities in the statements of financial position. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*, which makes *Topic 842* effective for the Organization for the fiscal year ending June 30, 2022. The Organization is evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. Change in Accounting Principle

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* which clarifies whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and whether a contribution is conditional. The new standard is effective for the fiscal year ending June 30, 2020. There were no changes to the Organization's financial statements upon adoption of this new standard.

16. Subsequent Events

The Organization has evaluated subsequent events through April 29, 2021, which is the date the financial statements were available to be issued. See Note I.

NOTE B – LOANS RECEIVABLE

Loan activity for the Organization's interest free loans is summarized as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Loans receivable - beginning of year	$ 2,477,543	$ 2,664,233
Loans to students	256,646	189,126
Collections	(367,126)	(375,816)
Loans receivable - end of year	2,367,063	2,477,543
Less: allowance for doubtful accounts	183,759	183,759
Net loans receivable	$ 2,183,304	$ 2,293,784

NOTE C – CONTRIBUTIONS RECEIVABLE

Contributions to the Organization have been unconditionally promised to give as follows at June 30, 2020 and 2019:

	2020	2019
Within one year	$ 466,000	$ 444,239
Two to five years	129,500	402,500
Over five years	-	15,000
Total	595,500	861,739
Less: present value component	26,422	30,882
Net contributions receivable	$ 569,078	$ 830,857

Contributions have been discounted using the Applicable Federal Rates that were in effect at the time of the pledge.

NOTE D – FAIR VALUE MEASUREMENTS

FASB ASC 820 requires financial assets and liabilities to be valued and disclosed based on the following structure:

Level I – Investments included in this designation are valued based on quoted prices for identical assets in active markets as of the reporting date.

Level II – Investments included in this designation are valued based on observable market based inputs for the same asset in an inactive market or a similar asset in an active market.

Level III – Investments included in this designation are valued based on unobservable inputs that are significant to the valuation of a particular investment. The inputs into the determination of fair value in this level require significant management judgment or estimates and is done by management.

In determining the appropriate levels for each valuation, management performs a detailed analysis of the assets that are subject to FASB ASC 820. In some instances, an asset may be valued using a combination of inputs. In such instances, the asset is to be classified based on the lowest significant level used in the valuation. Managements' assessment of the significance of a particular input in the fair value measurement of an investment requires judgment and considers factors specific to the asset.

NOTE E – INVESTMENTS

The following table summarizes the Organization's investments by level within the fair value hierarchy, as described in Note D, as of June 30, 2020:

	Fair Market Value				
Description	**Level 1**	**Level 2**	**Level 3**	**Total**	**Cost**
Mutual fund	$ 3,137,438	$ -	$ -	$ 3,137,438	$ 2,824,560
Consolidated investment fund	-	3,629,632	-	3,629,632	2,521,576
	$ 3,137,438	$ 3,629,632	$ -	$ 6,767,070	$ 5,346,136

The following table summarizes the Organization's investments by level within the fair value hierarchy, as described in Note D, as of June 30, 2019:

	Fair Market Value				
Description	**Level 1**	**Level 2**	**Level 3**	**Total**	**Cost**
Mutual fund	$ 2,991,738	$ -	$ -	$ 2,991,738	$ 2,714,499
Consolidated investment fund	-	3,546,981	-	3,546,981	2,519,988
Hedge fund	-	966,550	-	966,550	897,000
	$ 2,991,738	$ 4,513,531	$ -	$ 7,505,269	$ 6,131,487

NOTE E – INVESTMENTS – Continued

A member of the Organization's board of directors is also a member of management in a company that manages the Organization's hedge fund investments shown above and its investment in LLC asset (see Note G). Expenses incurred in connection with management of these investments are included by the related company in determining the net income or loss of the investment vehicle and there were no additional fees paid to the related company during the years ended June 30, 2020 and 2019. During the year ended June 30, 2020, the hedge fund investments were sold and the account liquidated.

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Office furniture and equipment	$ 82,952	$ 82,952
Less: accumulated depreciation	79,709	75,558
Net property and equipment	$ 3,243	$ 7,394

NOTE G – INVESTMENT IN LLC

On December 31, 2016, the Organization received separate contributions of membership interest in a Limited Liability Company (LLC) from two different owners of the LLC, collectively receiving a 3.21% interest in the LLC. The Organization valued the contributed member interests at $500,000, representing the Organization's share of the net assets of the LLC as of the date of the award. The contributed membership interests are recorded as an investment in LLC asset and net assets with donor restrictions in the accompanying statement of financial position as of June 30, 2020 and 2019. The investment in LLC asset is available for the general use of the Organization, but under the terms of the contribution, the Organization is unable to liquidate the investment without approval of other members of the LLC (prompting classification within net assets with donor restrictions).

The Organization records dividend income from the investment in LLC asset in other income in the accompanying statements of activities. During the years ended June 30, 2020 and 2019, $30,000 and $40,000, respectively, of dividend income was generated from the investment in LLC asset.

The Organization believes that the recorded value of the contributed membership interests as of June 30, 2020 and 2019 does not materially differ from the fair value of the contributed LLC membership interests on the date of award.

NOTE H – INVESTMENT IN LAYDON PARK, INC.

On January 1, 2011, the Organization, as a part of a liquidation of an interest in a trust, received 70% of the common stock of Laydon Park, Inc., a corporation established to operate a land rental in Cecil County, Maryland. The land is currently leased to a commercial tenant operating a convenience store. During the years ended June 30, 2020 and 2019, the Organization recorded income from this investment of $57,740 and $55,894, respectively, which is included in the statements of activities.

NOTE H – INVESTMENT IN LAYDON PARK, INC. – Continued

If the financial statements had been consolidated, as required by U.S. GAAP, the following increases (decreases) would have been made to the following financial statement line items as of and for the years ended June 30, 2020 and 2019:

	2020	2019
Cash	$ 57,202	$ 9,618
Investment in Laydon Park, Inc.	(893,356)	(892,233)
Land	1,265,000	1,265,000
Other assets (payables)	(45,979)	-
Total assets, net	$ 382,867	$ 382,385
Net assets without donor restrictions	$ -	$ -
Non-controlling net assets without donor restrictions	382,867	382,385
Total net assets	$ 382,867	$ 382,385
Revenue	$ 56,165	$ 58,010
Expenses	31,419	32,248
Changes in net assets	$ 24,746	$ 25,762
Income attributable to non-controlling interest	$ (24,746)	$ (25,762)

NOTE I – PAYCHECK PROTECTION PROGRAM LOAN

In response to the global pandemic (See Note N), the United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. The CARES Act established the Paycheck Protection Plan (PPP) Loan Program, which allows certain individuals, businesses and not-for-profit organizations to obtain loans, financed by the United States Small Business Administration (SBA), to assist with meeting payroll and other operational needs. Furthermore, under the provisions of the PPP Loan Program, borrowers may apply to the SBA for full forgiveness of their loans, pursuant to meeting specified criteria outlined by the CARES Act. Loan repayments are deferred for borrowers who have applied for loan forgiveness.

In April 2020, the Organization obtained a loan of $152,000 from Rosedale Federal Savings and Loan Association (Rosedale) under the PPP Loan program. Under the terms of the loan with Rosedale, the loan must be repaid by its second anniversary date (with payments of principal and interest deferred until December 2020), accrues interest at 1% per annum, and neither the SBA nor Rosedale has any recourse against the Organization for non-payment. Subsequent to year-end, in November 2020, the Organization applied for forgiveness of their loan with Rosedale, deferring repayment (as noted above), and fully expects the loan to be forgiven during the year ended June 30, 2021. In April 2021, the Organization was approved for a second loan under the PPP Loan program in the amount of $132,000

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions includes amounts designated by donors to named restricted funds for scholarships and interest-free loans as well as amounts restricted for the passage of time.

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS – Continued

Net assets with donor restrictions subject to a specified purpose and/or passage of time consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Contributions restricted for loans and grants	$ 468,143	$ 640,095
Time restriction in investment of LLC	500,000	500,000
	$ 968,143	$ 1,140,095

Net assets totaling $531,659 and $762,330 were released from restriction for new student loans and grants for the years ended June 30, 2020 and 2019, respectively. A donor also approved the release of his restriction of $247,745 during the year ended June 30, 2020.

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Activity relating to endowment funds containing donor restrictions was as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Donor restricted endowment net assets, beginning of year	$ 6,188,463	$ 6,077,179
Contributions	121,932	111,284
Donor restricted endowment net assets, end of year	$ 6,310,395	$ 6,188,463

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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, Management classifies those assets not subject to appropriation or expenditure as (a) the original value of gifts donated to the endowment fund, (b) the original value of subsequent gifts to the endowment fund, and (c) accumulations to the endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions in perpetuity until amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 the Organization, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS – Continued

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of amounts sufficient to fund the activities to which the gift relates, while growing the funds if possible.

Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return based upon the custom index designed by the manager of the consolidated investment fund. A market cycle is viewed as three to five years. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

NOTE K – COMMITMENT

During 2018, the Organization entered into lease agreement for office space with an aggregate monthly rental cost of $5,224. During the year ended June 30, 2019, the lease agreement was extended through September 2028. The lease contains a one-time option to terminate the lease agreement effective September 30, 2023. Total rent expense for the fiscal years ended June 30, 2020 and 2019 was $59,591 and $61,815, respectively.

Future minimum rental commitments for the next five years and thereafter are as follows for the years ending June 30:

2021	$ 59,505
2022	60,695
2023	61,909
2024	63,147
2025	64,410
Thereafter	218,235
Total	$ 527,901

NOTE L – RETIREMENT PLAN

The Organization has a 401(k) plan for all eligible employees. Under the plan, employees can defer their salary up to the limits established by the Internal Revenue Service. The Organization may match the employee's contribution in a discretionary amount. The Organization's matching contributions were $33,736 and $36,857 for the years ended June 30, 2020 and 2019, respectively.

NOTE M – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

NOTE M – LIQUIDITY AND AVAILABILITY OF RESOURCES – Continued

The Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows at June 30, 2020 and 2019:

	2020	2019
Cash	$ 635,968	$ 792,034
Loans receivable	346,854	356,209
Contributions receivable	287,500	152,989
Investments	1,107,435	1,338,680
Financial assets and liquidity resources available for general expenditures within one year	$ 2,377,757	$ 2,639,912

Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. Certain portions of the Organization's endowment funds generate earnings that may be transferred, at the Organization's discretion, into its general operating funds, and, depending on any restrictions on the endowment earnings, may be used to support scholarship grants and interest-free loans or the Organization's general expenditures. The Organization has cash, loans receivable, contributions receivable and investments, which are available for general expenditures, to satisfy the Organization's liabilities and other obligations as they come due and to cover at least one year of Organization expenses, as represented in the accompanying statements of activities.

NOTE N – COVID-19 IMPACT

The World Health Organization declared the novel strain of coronavirus (Covid-19) a global pandemic on March 11, 2020, and recommended containment and mitigation measures worldwide. As of June 30, 2020, the Organization remains operational. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the Organization. Management is actively working to identify and mitigate financial, operational, liquidity and mission-related risks related to this pandemic. The impact of Covid-19 on future financial conditions and results of operations cannot be reasonably estimated.