Central Scholarship
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THE CENTRAL SCHOLARSHIP BUREAU, INC.

FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

GSG Gorfine Schiller Gardyn
Certified Public Accountants and Consultants

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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, 2021 and 2020, 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.

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 $382,000 and $383,000 as of June 30, 2021 and 2020, respectively, and changes in net assets would be increased by approximately $24,000 and $25,000, for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, 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.

Emphasis of Matter

As discussed in Note O to the financial statements, the beginning net assets as of July 1, 2020 have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Gorfine, Schiller + Gardyn, P.A.

May 3, 2022
Owings Mills, Maryland

FINANCIAL STATEMENTS

THE CENTRAL SCHOLARSHIP BUREAU, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
ASSETS						
Cash and cash equivalents	$ 1,287,411	$ -	$ 1,287,411	$ 635,968	$ 782,882	$ 1,418,850
Loans receivable, net of allowance	1,969,415	-	1,969,415	2,183,304	-	2,183,304
Contributions receivable, net of discount	460	131,403	131,863	273,673	295,405	569,078
Investments, at fair value	1,207,153	7,173,758	8,380,911	594,818	5,659,635	6,254,453
Property and equipment, net of accumulated depreciation	6,961	-	6,961	3,243	-	3,243
Investment in LLC	-	770,000	770,000	-	500,000	500,000
Investment in Laydon Park, Inc.	892,433	-	892,433	893,356	-	893,356
Other assets	10,305	-	10,305	28,549	40,616	69,165
TOTAL ASSETS	$ 5,374,138	$ 8,075,161	$ 13,449,299	$ 4,612,911	$ 7,278,538	$ 11,891,449
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable	$ 15,237	$ -	$ 15,237	$ 18,188	$ -	$ 18,188
Accrued expenses	16,095	-	16,095	73,059	-	73,059
Scholarship commitments	5,000	-	5,000	34,182	-	34,182
PPP Loan	130,000	-	130,000	152,200	-	152,200
Total liabilities	166,332	-	166,332	277,629	-	277,629
NET ASSETS	5,207,806	8,075,161	13,282,967	4,335,282	7,278,538	11,613,820
TOTAL LIABILITIES AND NET ASSETS	$ 5,374,138	$ 8,075,161	$ 13,449,299	$ 4,612,911	$ 7,278,538	$ 11,891,449

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, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT						
Contributions	$ 135,804	$ 1,038,908	$ 1,174,712	$ 501,723	$ 729,384	$ 1,231,107
RECLASSIFICATIONS						
Net assets released from restrictions	512,285	(512,285)	-	779,404	(779,404)	-
Total public support and reclassifications	648,089	526,623	1,174,712	1,281,127	(50,020)	1,231,107
EXPENSES						
Program						
Student services - loans and grants	1,460,912	-	1,460,912	1,601,333	-	1,601,333
Supporting services						
Management and general	135,987	-	135,987	142,642	-	142,642
Fundraising	131,527	-	131,527	197,253	-	197,253
Total supporting services	267,514	-	267,514	339,895	-	339,895
Total expenses	1,728,426	-	1,728,426	1,941,228	-	1,941,228
OPERATING (LOSS) INCOME	(1,080,337)	526,623	(553,714)	(660,101)	(50,020)	(710,121)
OTHER INCOME (EXPENSE)						
Net investment income	1,750,921	-	1,750,921	106,848	-	106,848
Income from investment in Laydon Park, Inc.	55,783	-	55,783	57,740	-	57,740
Income tax expense	(6,043)	-	(6,043)	(5,119)	-	(5,119)
PPP loan forgiveness income	152,200	-	152,200	-	-	-
Fair value adjustment for investment in LLC	-	270,000	270,000	-	-	-
Net other income	1,952,861	270,000	2,222,861	159,469	-	159,469
CHANGES IN NET ASSETS	872,524	796,623	1,669,147	(500,632)	(50,020)	(550,652)
NET ASSETS - Beginning of year, as originally stated	4,335,282	7,278,538	11,613,820	5,360,140	7,328,558	12,688,698
EFFECT OF RESTATEMENT	-	-	-	(524,226)	-	(524,226)
NET ASSETS - Beginning of year, restated	4,335,282	7,278,538	11,613,820	4,835,914	7,328,558	12,164,472
NET ASSETS - End of year	$ 5,207,806	$ 8,075,161	$ 13,282,967	$ 4,335,282	$ 7,278,538	$ 11,613,820

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, 2021 and 2020

	2021				2020			
	Student Services - Loans and Grants	Management and General	Fundraising	Total	Student Services - Loans and Grants	Management and General	Fundraising	Total
PERSONNEL COSTS								
Salaries	$ 383,749	$ 50,832	$ 102,536	$ 537,117	$ 473,426	$ 55,654	$ 158,060	$ 687,140
Payroll taxes and benefits	84,866	11,241	22,676	118,783	95,369	11,211	31,840	138,420
Total personnel costs	468,615	62,073	125,212	655,900	568,795	66,865	189,900	825,560
GRANTS	761,420	-	-	761,420	779,441	-	-	779,441
OTHER EXPENSES								
Accounting and auditing fees	37,494	45,824	924	84,242	34,909	44,939	852	80,700
Bad debt expense	2,865	-	-	2,865	-	-	-	-
Bank service charge	3,962	716	95	4,773	5,265	951	127	6,343
Consulting	54,535	-	-	54,535	25,140	-	-	25,140
Depreciation expense	2,550	461	61	3,072	3,445	623	83	4,151
Information technology expenses	25,151	4,546	606	30,303	35,945	5,184	691	41,820
Insurance	4,820	2,126	142	7,088	5,239	2,312	154	7,705
Maintenance contracts	734	132	18	884	2,872	519	69	3,460
Meetings	716	1,291	105	2,112	1,816	1,522	799	4,137
Membership and publication	16,445	-	-	16,445	17,033	-	-	17,033
Office	7,209	2,019	505	9,733	3,842	1,024	256	5,122
Other program expenses	3,203	-	-	3,203	32,474	-	-	32,474
Postage	4,724	1,090	1,453	7,267	3,617	834	1,113	5,564
Promotion	-	-	-	-	3,140	-	163	3,303
Rent expense	47,145	12,088	1,209	60,442	46,481	11,918	1,192	59,591
Stationery and printing	8,119	1,523	507	10,149	19,274	3,613	1,205	24,092
Telephone and utilities	10,922	2,047	683	13,652	8,986	1,684	562	11,232
Travel	283	51	7	341	3,619	654	87	4,360
Total other expenses	230,877	73,914	6,315	311,106	253,097	75,777	7,353	336,227
TOTAL EXPENSES	$ 1,460,912	$ 135,987	$ 131,527	$ 1,728,426	$ 1,601,333	$ 142,642	$ 197,253	$ 1,941,228

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, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 1,669,147	$ (550,652)
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	3,072	4,151
Bad debt expense	2,865	-
Fair value adjustment for investment in LLC	(270,000)	-
Net (gains) losses on investments	(1,658,080)	46,393
Net income on investments	(62,841)	(49,715)
Stock contributions	-	(17,921)
Fair value adjustment for contributions receivable	(18,535)	-
Equity method income from Laydon Park, Inc.	56,706	(57,740)
Dividends from Laydon Park, Inc.	(55,783)	56,617
PPP loan forgiveness income	(152,200)	-
Changes in operating assets and liabilities:		
Loans receivable	211,024	110,480
Contributions receivable	455,750	261,779
Other assets	58,860	(52,720)
Accounts payable	(2,951)	(13,907)
Accrued expenses	(56,964)	(11,489)
Scholarship commitments	(29,182)	1,507
Net cash provided by (used in) operating activities	150,888	(273,217)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	214,302	892,070
Purchases of investments	(1,096,971)	(170,684)
Purchases of property and equipment	(6,790)	-
Distributions from investments	477,132	26,447
Net cash (used in) provided by investing activities	(412,327)	747,833
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Loan	130,000	152,200
NET CHANGES IN CASH AND CASH EQUIVALENTS	(131,439)	626,816
CASH AND CASH EQUIVALENTS - Beginning of year	1,418,850	792,034
CASH AND CASH EQUIVALENTS - End of year	$ 1,287,411	$ 1,418,850

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 to be adjusted if the fair market value of the investment either falls below this amount or another event occurs that creates basis for adjustment to fair value. Income is recorded for any dividends provided to the Organization by the investee.

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 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.

15. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

16. Subsequent Events

The Organization has evaluated subsequent events through May 3, 2022, which is the date the financial statements were available to be issued. See Notes G and I.

NOTE B – LOANS RECEIVABLE

Loan activity for the Organization's interest free loans is summarized as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Loans receivable - beginning of year	$ 2,367,063	$ 2,477,543
Loans to students	150,341	256,646
Loans receivable written off	(2,865)	-
Collections	(361,365)	(367,126)
Loans receivable - end of year	2,153,174	2,367,063
Less: allowance for doubtful accounts	183,759	183,759
Net loans receivable	$ 1,969,415	$ 2,183,304

NOTE C – CONTRIBUTIONS RECEIVABLE

Contributions to the Organization have been unconditionally promised to give as follows at June 30, 2021 and 2020:

	2021	2020
Within one year	$ 77,250	$ 466,000
Two to five years	62,500	129,500
Total	139,750	595,500
Less: present value component	7,887	26,422
Net contributions receivable	$ 131,863	$ 569,078

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.

NOTE D – FAIR VALUE MEASUREMENTS – Continued

The asset or liabilities fair value measurement level withing the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020 except for the methodology for valuing the investment in LLC asset, which changed to the method noted below as of June 30, 2021.

Mutual Fund: Valued at the daily closing price as reported by the fund. The mutual fund held by the Organization is an open-end mutual fund that is registered with the Securities and Exchange Commission. This fund is required to publish its daily net asset value (NAV) and to transact at that price. The mutual fund held by the Organization is deemed to be actively traded.

Consolidated investment funds: Certain investment funds are valued at the closing price reported in the active market in which the investment is traded. Other investment funds are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Investment in LLC: Valued using net proceeds from sale with a willing buyer (see note G).

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, 2021:

	Fair Market Value				
Description	**Level 1**	**Level 2**	**Level 3**	**Total**	**Cost**
Mutual fund	$ 4,830,937	$ -	$ -	$ 4,830,937	$ 2,897,226
Consolidated investment funds	-	3,549,974	-	3,549,974	1,823,523
Investment in LLC	-	770,000	-	770,000	500,000
	$ 4,830,937	$ 4,319,974	$ -	$ 9,150,911	$ 5,220,749

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 funds	-	3,117,015	-	3,117,015	2,189,393
Investment in LLC	-	500,000	-	500,000	500,000
	$ 3,137,438	$ 3,617,015	$ -	$ 6,754,453	$ 5,513,953

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Office furniture and equipment	$ 89,742	$ 82,952
Less: accumulated depreciation	82,781	79,709
Net property and equipment	$ 6,961	$ 3,243

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, 2021 and 2020. 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, 2021 and 2020, $30,000 and $30,000, 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 did not materially differ from the fair value of the contributed LLC membership interests on the date of award. In January 2022, the LLC sold its primary asset, a building, to an unrelated third-party. The Organization received $770,000 in January 2022 related to the sale, representing the Organization's initial portion of the net proceeds from sale of the asset, with additional future payments expected. Given the significance of the asset to the LLC, management believes the Organization's net proceeds from the sale of the asset approximates the fair value of the LLC itself. The recorded value of the contributed membership interests as of June 30, 2021 was thereby increased to $770,000, as management believes this provides the best approximation of the fair market value of the Organization's investment in LLC asset as of June 30, 2021. The unrealized gain in the value of the investment in LLC asset, $270,000, is reflected in other income in the statement of activities for the year ended June 30, 2021.

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, 2021 and 2020, the Organization recorded income from this investment of $55,783 and $57,740 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, 2021 and 2020:

	2021	2020
Cash	$ 35,747	$ 57,202
Investment in Laydon Park, Inc.	(892,433)	(893,356)
Land	1,265,000	1,265,000
Other assets (payables)	(26,445)	(45,979)
Total assets, net	$ 381,869	$ 382,867
Non-controlling net assets without donor restrictions	$ 381,869	$ 382,867
Total net assets	$ 381,869	$ 382,867
Revenue	$ 58,121	$ 56,165
Expenses	34,214	31,419
Changes in net assets	$ 23,907	$ 24,746
Income attributable to non-controlling interest	$ (23,907)	$ (24,746)

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 $152,200 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), accrued interest at 1% per annum, and neither the SBA nor Rosedale has any recourse against the Organization for non-payment. In November 2020, the Organization applied for forgiveness of the $152,200 loan with Rosedale under the PPP Loan program and it was fully forgiven in September 2021.

In April 2021, the Organization was approved for a second loan under the PPP loan program in the amount of $130,000. 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 2022), accrues interest at 1% per annum, and neither the SBA nor Rosedale has any recourse against the Organization for non-payment. In July 2021, the Organization applied for forgiveness of their loan with Rosedale, initiating the payment deferral (as noted above), and it was forgiven in September 2021.

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.

Net assets with donor restrictions subject to a specified purpose and/or passage of time consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Contributions restricted for loans and grants	$ 886,243	$ 468,143
Time restriction in investment of LLC	770,000	500,000
	$ 1,656,243	$ 968,143

Net assets totaling $512,285 and $779,404 were released from restriction for new student loans and grants for the years ended June 30, 2021 and 2020, respectively.

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, 2021 and 2020:

	2021	2020
Donor restricted endowment net assets, beginning of year	$ 6,310,395	$ 6,188,463
Contributions	108,523	121,932
Donor restricted endowment net assets, end of year	$ 6,418,918	$ 6,310,395

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.

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, 2021 and 2020 was $60,442 and $59,591, respectively.

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

2022	$ 60,695
2023	61,909
2024	63,147
2025	64,410
2026	65,698
Thereafter	152,537
Total	$ 468,396

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 $27,764 and $33,736 for the years ended June 30, 2021 and 2020, 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.

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, 2021 and 2020:

	2021	2020
Cash	$ 1,287,411	$ 635,968
Loans receivable	337,340	346,854
Contributions receivable	500	287,500
Investments	1,207,153	594,818
Financial assets and liquidity resources available for general expenditures within one year	$ 2,832,404	$ 1,865,140

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, 2021, 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.

NOTE O – RESTATEMENT – CORRECTION OF AN ERROR

During the year ended June 30, 2021, the Organization determined that certain investments were overstated in the prior year financial statements. Accordingly, the Organization restated the balances as of July 1, 2019 by decreasing investments and net assets without donor restriction in the amount of $524,226. In addition for the year ended June 30, 2020, net investment income and changes in net assets without restrictions increased by $11,609 in connection with those investments.