SHELTER PARTNERSHIP, INC.
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

June 30, 2020

**(With Comparative Totals for the
Year Ended June 30, 2019)**

Gursey | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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Independent Auditor's Report

To the Board of Directors
Shelter Partnership, Inc.
Los Angeles, California

We have audited the accompanying financial statements of Shelter Partnership, Inc. (a California nonprofit public benefit corporation) (the "Partnership"), which comprises the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of the Partnership as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As disclosed in Note 2 to the financial statements, 93% of total revenues are from donated goods and 82% of total assets are from donated inventory on hand. The valuation of these donated goods is subject to estimation. The Partnership estimates the value of donated goods by obtaining estimates of wholesale selling prices provided by the donors, or other indicators of value when donor estimated wholesale values are not provided. The Partnership also undertakes its own research as needed in order to better ascertain fair values. As a result, there is significant judgment in arriving at fair values of contributed goods, and such values materially enter into the determination of net assets and results of activities.

Also, as discussed in Note 9 of the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Shelter Partnership, Inc.'s June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gursey | Schneider LLP

December 30, 2020
Los Angeles, California

SHELTER PARTNERSHIP, INC.
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
ASSETS		
ASSETS		
Cash and cash equivalents	$ 791,830	$ 464,918
Certificates of deposit	250,000	250,000
Grants and pledges receivable	171,555	147,164
Donated inventory	30,149,800	20,138,312
Prepaid expenses and other assets	55,850	32,200
Property and equipment, net	5,229,157	5,503,900
TOTAL ASSETS	$ 36,648,192	$ 26,536,494
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 21,942	$ 16,201
Accrued expenses and other liabilities	106,430	104,466
Loan payable - Paycheck Protection Program	212,662	-
TOTAL LIABILITIES	341,034	120,667
NET ASSETS		
Without donor restrictions	2,615,733	2,716,843
With donor restrictions	33,691,425	23,698,984
TOTAL NET ASSETS	36,307,158	26,415,827
TOTAL LIABILITIES AND NET ASSETS	$ 36,648,192	$ 26,536,494

See Accompanying Notes to Financial Statements.

SHELTER PARTNERSHIP, INC.
(A California Nonprofit Public Benefit Corporation)
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
REVENUE AND SUPPORT				
Donated goods for distribution	$ -	$ 25,505,604	25,505,604	$ 13,323,729
Foundation contributions	236,735	434,000	670,735	469,950
Individual and corporate contributions	353,287	53,483	406,770	206,679
Government grants	10,000	552,057	562,057	275,000
Special events, net of expense of $0 in 2020 and $106,768 in 2019, respectively	-	-	-	357,898
Consulting services	297,879	-	297,879	235,597
Other	4,248	-	4,248	4,871
Subtotal	902,149	26,545,144	27,447,293	14,873,724
Net assets released from restrictions	16,552,703	(16,552,703)	-	-
TOTAL REVENUES AND SUPPORT	17,454,852	9,992,441	27,447,293	14,873,724
FUNCTIONAL EXPENSES				
Program services				
Materials assistance	16,705,872	-	16,705,872	9,099,835
Public education and policy / technical assistance	456,970	-	456,970	457,690
Total Program Services	17,162,842	-	17,162,842	9,557,525
Supporting services				
General and administrative	91,456	-	91,456	92,271
Fundraising	301,664	-	301,664	300,536
Total Supporting Services	393,120	-	393,120	392,807
TOTAL FUNCTIONAL EXPENSES	17,555,962	-	17,555,962	9,950,332
CHANGES IN NET ASSETS	(101,110)	9,992,441	9,891,331	4,923,393
NET ASSETS, Beginning of Year	2,716,843	23,698,984	26,415,827	21,492,434
NET ASSETS, End of Year	$ 2,615,733	$ 33,691,425	$ 36,307,158	$ 26,415,827

See Accompanying Notes to Financial Statements.

SHELTER PARTNERSHIP, INC.
(A California Nonprofit Public Benefit Corporation)
Statements of Functional Expenses
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Program Services			Supporting Services			
	Materials Assistance	Public Education and Policy / Technical Assistance	Total Program	General and Administrative	Fundraising	2020 Total	2019 Summarized Total
Personnel:							
Salaries	$ 394,387	$ 281,044	$ 675,431	$ 39,990	$ 178,685	$ 894,106	$ 880,491
Employee benefits	110,428	46,580	157,008	14,378	15,151	186,537	160,152
Payroll taxes and w orkers' compensation insurance	42,319	25,963	68,282	1,922	13,482	83,686	81,415
Total Personnel	547,134	353,587	900,721	56,290	207,318	1,164,329	1,122,058
Other Operating Expenses:							
Depreciation	302,173	7,960	310,133	572	5,296	316,001	393,726
Donated goods distributed	15,507,218	-	15,507,218	-	-	15,507,218	7,544,088
Inventory obsolescence	32,193	-	32,193	-	-	32,193	368,399
Insurance	23,937	5,501	29,438	394	3,660	33,492	22,843
K.I.D.S	25,000	-	25,000	-	-	25,000	20,000
New sletter	-	-	-	-	10,620	10,620	8,674
Occupancy	14,349	33,230	47,579	4,532	32,475	84,586	82,350
Office expense	24,211	10,121	34,332	2,785	12,740	49,857	42,940
Printing	3,004	1,733	4,737	246	1,102	6,085	7,563
Professional fees	61,223	41,775	102,998	19,183	26,560	148,741	139,301
Repairs and maintenance	46,426	-	46,426	-	-	46,426	78,115
Taxes and assessments	10,828	-	10,828	-	-	10,828	14,902
Telephone	21,928	3,001	24,929	361	1,612	26,902	24,692
Training and education	-	62	62	4,137	281	4,480	7,018
Travel	-	-	-	2,956	-	2,956	6,159
Trucking	11,704	-	11,704	-	-	11,704	10,120
Warehousing	74,544	-	74,544	-	-	74,544	57,383
Total Other Operating Expenses	16,158,738	103,383	16,262,121	35,166	94,346	16,391,633	8,828,273
TOTAL FUNCTIONAL EXPENSES	$ 16,705,872	$ 456,970	$ 17,162,842	$ 91,456	$ 301,664	$ 17,555,962	$ 9,950,331
		Percent of Total Expenses	*97.8%*	*0.5%*	*1.7%*	*100.0%*	

See Accompanying Notes to Financial Statements.

SHELTER PARTNERSHIP, INC.
(A California Nonprofit Public Benefit Corporation)
Statements of Cash Flows
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 9,891,331	$ 4,923,393
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	316,001	393,726
Receipt of donated inventories	(25,505,604)	(13,323,729)
Distribution of donated inventories	15,461,923	7,544,088
Inventory obsolescence	32,193	368,399
(Increase) decrease in assets:		
Grants and pledges receivable	(24,391)	158,347
Prepaid expenses and other assets	(23,650)	(18,271)
Increase (decrease) in liabilities:		
Accounts payable	5,741	(59,109)
Accrued expenses and other liabilities	1,964	16,200
NET CASH PROVIDED BY OPERATING ACTIVITIES	155,508	3,044
CASH FLOWS USED IN INVESTING ACTIVITY		
Purchases of property and equipment	(41,258)	(6,445)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from loan - Paycheck Protection Program	212,662	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	326,912	(3,401)
CASH AND CASH EQUIVALENTS, Beginning of Year	464,918	468,319
CASH AND CASH EQUIVALENTS, End of Year	$ 791,830	$ 464,918

See Accompanying Notes to Financial Statements.

NOTE 1 – ORGANIZATION

Shelter Partnership, Inc. (the "Partnership"), formed February 8, 1985, and is organized as a California nonprofit public benefit corporation. The Partnership works collaboratively to solve homelessness in the County of Los Angeles through policy analysis, program design, resource development, and advocacy in support of agencies and local governments that serve the homeless. The Partnership also distributes new goods, at no cost, to community agencies directly serving the homeless and households in poverty.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying financial statements have been presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates.

The most significant estimates related to the valuation of contributed goods and the valuation of inventory on hand. Contributed goods account for 93% of total revenues during the year ended June 30, 2020 and 90% during the year ended June 30, 2019. Contributed goods in inventory on hand accounted for 82% of total assets on June 30, 2020 and 76% on June 30, 2019.

Management relies on the use of judgment in the estimation in determining fair values of contributed goods, and such values materially enter into determination of net assets and results of activities. Management has implemented several safeguards that are designed to significantly reduce the risk of donated goods being recorded as overstated (or misstated) amounts. These safeguards are utilized on an ongoing basis and management feels they effectively reduce risk of misstating the financial position.

Classes of Net Assets – To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Partnership are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Without donor restrictions – Net assets without donor restriction represent the portion of expendable funds that are available to support the operations and are not subject to donor-imposed restrictions. Contributions that are purpose or time restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. On June 30, 2020 and 2019, the Organization had unrestricted net assets of $2,615,733 and $2,716,843, respectively.

With donor restrictions – Net assets that are subject to donor-imposed restrictions that limit the use of their contributions. Donor restrictions may result in temporarily restricted net assets, where the use of contributions is limited by donor-imposed stipulations that either expire by the passage of time or when used for specified purposes. Donor restrictions may also result in permanently restricted net assets, where the donor stipulations neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions. On June 30, 2020 and 2019, the Organization had temporarily restricted net assets of $33,691,425 and $23,698,984, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Cash and Cash Equivalents – Cash equivalents consist of short-term, highly liquid investments that are readily convertible into cash and were purchased with maturities of less than three months.

Certificates of Deposit – Certificates of deposit are carried at cost plus accrued interest. This amount approximates fair value. As of June 30, 2020 and 2019, the certificates of deposit include the following:

Issuer	Face value	Interest Rate	Maturity Date
CIT	$ 155,000	0.30%	6/2/2021
CIT	$ 95,000	0.30%	9/10/2021

Accounts and Pledges Receivable – The Partnership records accounts and pledges receivable, net of allowances for uncollectible amounts, whenever there is enough evidence in the form of verifiable documentation that an unconditional promise was made and received. No provision has been provided for uncollectible amounts at June 30, 2020 and 2019, as all amounts are considered to be fully collectible. In addition, accounts and pledges receivable are expected to be collected within one year.

Four donors comprised 72% of total pledges receivable at June 30, 2020; no other single donor comprised more than 10%. During the year ended June 30, 2019, there were four donors that comprised 88% of total pledges receivable; no other single donor comprised more than 10%.

Inventory and Donated Goods Revenues and Expenses – Inventory and donated goods revenue consist of new goods donated by manufacturers, retailers, and others. Donations include items such as clothing, shoes, personal care products, household goods, cleaning supplies, paper products, office products, etc. These goods are recorded as temporarily restricted contributions at estimated fair market value. Fair values are determined based on numerous factors which may include (a) amounts specified by the donor as being the wholesale selling price, (b) current retail or selling price of similar items, if known, or (c) management's own subjective appraisals based on research. The goods are held at the value recorded at the date of contribution on an item-by-item basis and placed into inventory for distribution. Goods are distributed to other independent nonprofit organizations that directly service households in poverty, and the values of the distributed items are removed from inventory based on the specific identification method. Upon distribution of the inventory, the amount is released from temporarily restricted net assets and donated goods expense is recorded. The Partnership reviews its inventory on an ongoing basis for possible damaged goods to be written off and to determine if a reserve is required. At June 30, 2020 and 2019, management has determined that no reserve was needed as the Partnership records annual impairment charges for goods that are no longer able to be distributed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Property and Equipment – Property and equipment are stated at cost, or for those assets acquired by gift or bequest, the estimated fair value at the date of contribution. Property and equipment are capitalized if the cost of an asset is greater than or equal to $1,000 and the useful life is greater than two years. Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the related assets which are as follows:

Office equipment	5 years
Vehicles / warehouse equipment	5 years
Warehouse	30 years
Warehouse improvements	5 – 30 years

Long-lived assets, such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require that a long-lived asset be tested for possible impairment, the Partnership first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds its fair value. No impairment losses were recorded during the years ended June 30, 2020 and 2019.

Income Taxes – The Partnership is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California. The Partnership is subject to unrelated business income tax for income from operating activities not related to their exempt purpose. Unrelated business income is taxed based on the applicable statutory federal and state income tax rates for for-profit organizations. The Partnership does not have any revenue which it believes would subject it to unrelated business income taxes.

The Partnership recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, the Partnership has not recorded any uncertain tax positions. The Partnership recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the years ended June 30, 2020 and 2019, the Partnership did not recognize any potential interest and penalties associated with uncertain tax positions.

Contributions and Revenue – Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Conditional contributions are recorded as support in the period the condition is met. All gifts and other public support are included in net assets without donor restrictions unless they are specifically restricted by the terms of the gift or grant instrument or require the passage of time.

Contributed Services – Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended June 30, 2020 and 2019, the Partnership did not receive any contributed services.

Functional Allocation of Expenses – Expenses that can be identified with a specific program or supporting service are charged directly to that related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by management.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Fair Value Measurements – The Partnership records its assets and liabilities at fair value. Fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. In addition, assets and liabilities are classified in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

The Partnership's cash and cash equivalents and investments are classified within the Level 1 category. At June 30, 2020, the Partnership's other financial instruments such as accounts receivable, pledges receivable, accounts payable, accrued expenses and other liabilities and benefit plans payable, and are all stated at carrying value, which approximate fair value due to the short maturity of these instruments.

Revenue Recognition – The Partnership receives revenues from various local governmental agencies for technical consulting services rendered. These consulting services pertain to various services provided including, but not limited to funding and monitoring of social services for affordable housing tenants, supportive service plan performance evaluations, identification, or refinement of Special Needs target populations, assisting with supportive services for Veterans, and other related assistance in determining how the County of Los Angeles can provide affordable housing for those most in need. The Partnership recognizes revenues from these consulting services as they are performed. These amounts are billed monthly and amounts are computed based on time and materials incurred according to service contract.

The Partnership also receives contributions from various governmental, corporate, and individual donors, which are classified as either support with or without donor restrictions in the Statement of Activities and Changes in Net Assets. Most contributions received by the Partnership are in the form of non-cash goods. These non-cash contributions are shown on the Statement of Activities and Changes in Net Assets as "Donated Goods for Distribution." All contributions are recognized at their fair market values in the period in which it is received or unconditionally given. Donor-imposed restrictions do not affect the timing or value of the recognition.

Recently Adopted Accounting Principles – As of January 1, 2019, the Foundation adopted Accounting Standards Update No. 2018-08, *"Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made."* ("ASU 2018-08"). ASU 2018-08 provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU clarifies how a not-for-profit organization determines whether a resource provider is participating in an exchange transaction. ASU 2018-08 defines a contribution as "an unconditional transfer of cash or other assets, as well as unconditional promises to give, to an entity, or a reduction, settlement, or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner." Thus, the transfer of assets or settlement of liabilities must be both voluntary and nonreciprocal to be a contribution. These characteristics distinguish contributions from exchanges, which are reciprocal transfers in which each party receives and sacrifices approximate commensurate value.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Contributions are accounted for within the scope of ASC Topic 958, *“Not-for-Profit Entities.”* Exchanges are subject to other guidance, such as ASC Topic 606, *“Revenue from Contracts with Customers”* (ASC Topic 606). The application of these different accounting rules affects when revenue is recognized; unconditional contributions are recognized in the period when either assets or specified assets are received or promised, while exchanges are recognized as revenue when performance obligations are satisfied. The adoption of ASU 2018-08 did not have any effect on the Organization’s financial statements.

Effect of Recently Issued Accounting Standards – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *“Leases”* (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public entities, the standard is effective for fiscal years beginning after December 15, 2021 and interim periods beginning the following year. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the Partnership’s financial statements and related disclosures and has not yet selected a transition method.

Concentrations of Credit Risk – *Cash in Excess of FDIC Insured Limits* - Cash and cash equivalents generally consist of cash and highly liquid investments with an initial maturity of three months or less. The Federal Deposit Insurance Corporation (“FDIC”) insures cash deposits up to $250,000 per depositor. At times, cash may exceed the federally insured amounts.

Subsequent Events – Subsequent events have been evaluated through December 30, 2020, the date that the financial statements were available to be issued.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets consist of the Organization’s cash and cash equivalents, investments, and contributions receivable. The following table summarizes the Organization’s financial assets as of June 30, 2020, reduced by amounts not available for general use within one year as of June 30, 2020 because of donor-imposed restrictions:

Financial assets available to meet cash needs for general expenditures within one year represent funding for ongoing operational requirements and planned increases for program expenditures in fiscal year 2021.

Financial assets as of June 30, 2020	$ 1,213,385
Less assets unavailable for general expenditures within one year:	
Restricted by donors with purpose restrictions	(243,260)
Restricted by donors for capital purchases	(50,167)
Financial assets available to meet cash needs for general expenditures within one year	$ 919,958

Management believes the organization has sufficient funding from financial assets and planned revenues to meet obligations for the coming year.

NOTE 4 – PROPERTY AND EQUIPMENT

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

	2020	2019
Building and improvements	$ 8,760,273	$ 8,760,273
Office equipment	161,165	161,165
Vehicles / warehouse equipment	279,428	238,170
	9,200,866	9,159,608
Accumulated depreciation	(3,971,709)	(3,655,708)
	$ 5,229,157	$ 5,503,900

Depreciation expense for the years ended June 30, 2020 and 2019 was $316,001 and $393,726, respectively.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions (temporarily restricted) were as follows:

	Available at June 30, 2019	Contributions	Released from Restrictions	Available at June 30, 2020
Donated goods	20,138,313	$ 25,505,604	(15,494,117)	$ 30,149,800
Donated building	3,439,269	-	(191,071)	3,248,198
Program activities	68,360	1,039,540	(864,640)	243,260
Capital campaign	53,042	-	(2,875)	50,167
	$ 23,698,984	$ 26,545,144	$ (16,552,703)	$ 33,691,425

On July 6, 2007, the United States of America, acting through the Secretary of Health and Human Services ("Grantor"), granted the Partnership the building currently occupied as the S. Mark Taper Foundation Shelter Resource Bank. The grant of this property from the United States government contained certain continuing covenants and restrictions including (1) the use of property for health purposes, (2) limitation on ability to sell or encumber property without the consent of the Grantor, (3) annual reporting requirements as to the Partnership's program use and accomplishments, (4) maintenance of tax-exempt status, and (5) other customary requirements for receiving assistance and doing business with the United States of America.

The Partnership currently uses the donated property to distribute, free of charge, donations of surplus inventory from manufacturers, wholesalers, retailers, and others to homeless service agencies throughout Los Angeles County. The Partnership believes it is following all covenants and restrictions under the grant agreement. The covenants and restrictions will lapse in year 2037.

Donated goods are reflected as net assets with donor restrictions due to limitations on the ability to sell or transfer the goods.

NOTE 6 – LEASE COMMITMENTS

The Partnership leases its office space under a non-cancelable operating lease agreement that expired on July 31, 2020. The future minimum lease payments are as follows:

Years Ending June 30:		
2021	$	86,738
2022		89,315
2023		91,995
Thereafter		218,781
	$	486,829

In February 2020, the Organization renewed its office space lease on similar terms through a non-cancelable operating lease through July 31, 2025.

Rent expense for the years ended June 30, 2020 and 2019, was $84,586 and $82,350, respectively. These amounts are included as part of occupancy on the statements of functional expenses.

NOTE 7 – PROFIT SHARING PLANS

The Partnership offers a 401(k) profit sharing plan (the “401(k) Plan”). All employees are eligible to participate in the 401(k) Plan. The 401(k) Plan allows employees to defer up to $18,500 of their salary plus a catch-up contribution of $6,000 (for individuals over age 50). The Partnership may make discretionary contributions to the plan. The Partnership contributed $51,782 and $53,286 for the years ended June 30, 2020 and 2019, respectively.

The Partnership also offers a tax-exempt deferred compensation plan (the “457 Plan”) for the executive director. The 457 plan allows for discretionary contributions. For each of the years ended June 30, 2020 and 2019, the Partnership contributed $6,500 to the 457 Plan.

NOTE 8 — PAYCHECK PROTECTION PROGRAM LOAN

On May 5, 2020, the Partnership was able to secure a $212,662 loan under the Paycheck Protection Program (“PPP”). The interest rate on the loan is 1.0% per annum. The loan matures on May 5, 2022 (“Maturity Date”).

According to the loan agreement, the first six months of interest were to be deferred to and payable on the Maturity Date and monthly interest payments were to commence seven months after the date of the loan. However, on June 5, 2020, the President signed into law the Paycheck Protection Program Flexibility Act of 2020 (“Flexibility Act”) which statutorily extended the covered period of the loan from 8 weeks to 24 weeks from the date of loan origination. The Flexibility Act also extended the deferral period of principal and interest for up to ten months after this 24-week covered period, or the date that the SBA forgives the loan. All principal and accrued interest payments are otherwise due on the Maturity Date. Management intends to satisfy all PPP requirements to obtain loan forgiveness for the entire loan and accrued interest amount.

NOTE 9 – CONTINGENCIES

Global Pandemic and Contingency

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The global economy and financial markets have been impacted by the global outbreak as of the date of this report and management continues to monitor conditions. The Partnership is following local, state, and federal pandemic guidance.

Also, as a result, public health responses around the world have included travel restrictions, quarantines, curfews, event cancellations, and school closures. The Partnership continues to operate the S. Mark Taper Foundation Shelter Resource Bank and provide technical consulting services. The Partnership is exposed to risk due to event cancellations that may arise as the Partnership has cancelled most in-person fundraising events during calendar year 2020. The Partnership continues to plan for events and programs in 2021 and outlying years.

Management has also shifted its administrative operations to a remote office setting to continue providing services as necessary and appropriate. While disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The Partnership is in a strong financial position to continue its mission throughout the pandemic. The related financial impact of this matter and other effects of the global pandemic cannot be reasonably estimated at this time.