SHELTER PARTNERSHIP, INC.

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

Gursey | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

<u>**C O N T E N T S**</u>

Gursey | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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, 2021, 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.

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, 2021, 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 Matter

As disclosed in Note 2 to the financial statements, 91% 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.

Report on Summarized Comparative Information

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

Gursey | Schneider LLP

January 4, 2022
Los Angeles, California

SHELTER PARTNERSHIP, INC.
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
ASSETS		
Cash and cash equivalents	$ 872,850	$ 791,830
Certificates of deposit	250,000	250,000
Grants and pledges receivable	339,610	171,555
Investments, at fair value	19,011	-
Donated inventory	29,065,880	30,149,800
Prepaid expenses and other assets	63,521	55,850
Property and equipment, net	5,079,155	5,229,157
TOTAL ASSETS	$ 35,690,027	$ 36,648,192
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 167,401	$ 21,942
Accrued expenses and other liabilities	104,689	106,430
Loan payable - Paycheck Protection Program	-	212,662
TOTAL LIABILITIES	272,090	341,034
NET ASSETS		
Without donor restrictions	3,024,442	2,615,733
With donor restrictions	32,393,495	33,691,425
TOTAL NET ASSETS	35,417,937	36,307,158
TOTAL LIABILITIES AND NET ASSETS	$ 35,690,027	$ 36,648,192

SHELTER PARTNERSHIP, INC.
(A California Nonprofit Public Benefit Corporation)
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
REVENUE AND SUPPORT				
Donated goods for distribution	$ -	$ 22,703,218	$ 22,703,218	$ 25,505,604
Foundation contributions	122,343	264,500	386,843	670,735
Individual and corporate contributions	476,136	30,000	506,136	406,770
Government grants	-	957,188	957,188	562,057
Consulting services	292,827	-	292,827	297,879
Investment income, net	6,527	-	6,527	4,212
Loan forgiveness - Paycheck Protection Program	212,662	-	212,662	36
Subtotal	1,110,495	23,954,906	25,065,401	27,447,293
Net assets released from restrictions	25,252,836	(25,252,836)	-	-
TOTAL REVENUES AND SUPPORT	26,363,331	(1,297,930)	25,065,401	27,447,293
FUNCTIONAL EXPENSES				
Program services				
Materials assistance	25,110,718	-	25,110,718	16,705,872
Public education and policy / technical assistance	386,315	-	386,315	456,970
Total Program Services	25,497,033	-	25,497,033	17,162,842
Supporting services				
General and administrative	112,770	-	112,770	91,456
Fundraising	344,819	-	344,819	301,664
Total Supporting Services	457,589	-	457,589	393,120
TOTAL FUNCTIONAL EXPENSES	25,954,622	-	25,954,622	17,555,962
CHANGES IN NET ASSETS	408,709	(1,297,930)	(889,221)	9,891,331
NET ASSETS, Beginning of Year	2,615,733	33,691,425	36,307,158	26,415,827
NET ASSETS, End of Year	$ 3,024,442	$ 32,393,495	$ 35,417,937	$ 36,307,158

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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Program Services			Supporting Services			
	Materials Assistance	Public Education and Policy / Technical Assistance	Total Program	General and Administrative	Fundraising	2021 Total	2020 Summarized Total
Personnel:							
Salaries	$ 426,852	$ 262,400	$ 689,252	$ 40,494	$ 192,547	$ 922,293	$ 894,106
Employee benefits	95,540	27,962	123,502	4,285	22,994	150,781	186,537
Payroll taxes and workers' compensation insurance	45,402	21,689	67,091	3,952	15,481	86,524	83,686
Total Personnel	567,794	312,051	879,845	48,731	231,022	1,159,598	1,164,329
Other Operating Expenses:							
Depreciation	306,691	765	307,456	118	562	308,136	316,001
Donated goods distributed	23,852,402	-	23,852,402	-	-	23,852,402	15,507,218
Event production	-	-	-	-	23,196	23,196	-
Inventory obsolescence	4,090	-	4,090	-	-	4,090	32,193
Insurance	27,663	5,453	33,116	1,970	1,814	36,900	33,492
K.I.D.S	25,000	-	25,000	-	-	25,000	25,000
Newsletter	-	-	-	9,957.00	-	9,957	10,620
Occupancy	15,543	35,995	51,538	6,545	33,540	91,623	84,586
Office expense	30,881	4,948	35,829	1,513	11,294	48,636	49,857
Printing	2,311	781	3,092	121	573	3,786	6,085
Professional fees	20,386	23,496	43,882	41,708	41,015	126,605	148,741
Repairs and maintenance	55,997	-	55,997	-	-	55,997	46,426
Taxes and assessments	12,938	-	12,938	(750)	-	12,188	10,828
Telephone	22,260	2,826	25,086	330	1,791	27,207	26,902
Training and education	1,666	-	1,666	1,700	-	3,366	4,480
Travel	-	-	-	827	12	839	2,956
Trucking	26,682	-	26,682	-	-	26,682	11,704
Warehousing	138,414	-	138,414	-	-	138,414	74,544
Total Other Operating Expenses	24,542,924	74,264	24,617,188	64,039	113,797	24,795,024	16,391,633
TOTAL FUNCTIONAL EXPENSES	$ 25,110,718	$ 386,315	$ 25,497,033	$ 112,770	$ 344,819	$ 25,954,622	$ 17,555,962
		Percent of Total Expenses	*98.2%*	*0.4%*	*1.3%*	*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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (889,221)	$ 9,891,331
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	308,136	316,001
Noncash contributions of investments received	(12,542)	-
Loan forgiveness - Paycheck Protection Program	(212,662)	-
Unrealized gain on investments, net	(5,430)	-
Receipt of donated inventories	(22,703,218)	(25,505,604)
Distribution of donated inventories	23,783,048	15,461,923
Inventory obsolescence	4,090	32,193
(Increase) decrease in assets:		
Grants and pledges receivable	(168,055)	(24,391)
Prepaid expenses and other assets	(7,671)	(23,650)
Increase (decrease) in liabilities:		
Accounts payable	145,459	5,741
Accrued expenses and other liabilities	(1,741)	1,964
NET CASH PROVIDED BY OPERATING ACTIVITIES	240,193	155,508
CASH FLOWS USED IN INVESTING ACTIVITY		
Purchase of investments	(1,039)	
Purchases of property and equipment	(158,134)	(41,258)
NET CASH USED FOR INVESTING ACTIVITIES	(159,173)	(41,258)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from loan - Paycheck Protection Program	-	212,662
NET INCREASE IN CASH AND CASH EQUIVALENTS	81,020	326,912
CASH AND CASH EQUIVALENTS, Beginning of Year	791,830	464,918
CASH AND CASH EQUIVALENTS, End of Year	$ 872,850	$ 791,830
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Non-Cash Operating Activities:		
Contribution of investments from donor(s)	$ 12,542	$ -

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 91% of total revenues during the year ended June 30, 2021 and 93% during the year ended June 30, 2020. Contributed goods in inventory on hand accounted for 82% of total assets on both June 30, 2021 and 2020.

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, 2021 and 2020, the Organization had unrestricted net assets of $3,024,442 and $2,615,733, 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, 2021 and 2020, the Organization had temporarily restricted net assets of $32,393,495 and $33,691,425, 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.

Investments – Investments are stated at fair value with unrealized gains and losses on investments resulting from fair value fluctuations recorded in the statements of activities in the period that such fluctuations occur. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded based on the record date. Interest income is recorded as earned on an accrual basis. Bond premiums and discounts are amortized to the first call date using a method that approximates the effective interest method. Realized gains and losses are recorded upon disposition of securities. Investment income and realized and unrealized gains and losses are recognized as unrestricted net assets unless their use is temporarily or permanently restricted by donors to a specified purpose or future period. Investment management fees are completely allocated to net assets without donor restrictions.

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, 2021 and 2020, as all amounts are considered to be fully collectible. In addition, accounts and pledges receivable are expected to be collected within one year.

Two donors comprised 84% of total pledges receivable at June 30, 2021; no other single donor comprised more than 10%. During the year ended June 30, 2020, there were four donors that comprised 72% 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 comparable 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, 2021 and 2020, 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.

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 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

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

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 assessed 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, 2021 and 2020.

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, 2021 and 2020, 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.

During the year ended June 30, 2021, the Partnership received $12,532 of donated investment securities. Donated investments are recorded at fair value on the date of receipt.

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, 2021 and 2020, 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.

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.

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

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.

Concentrations of Credit Risk – Cash in Excess of FDIC Insured Limits - Cash and cash equivalents 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.

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.

Subsequent Events – Subsequent events have been evaluated through January 4, 2022, 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, 2021 and 2020, reduced by amounts not available for general use within one year because of donor-imposed restrictions:

	2021	2020
Financial assets as of June 30:	$ 1,481,471	$ 1,213,385
Less assets unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	(225,321)	(248,260)
Restricted by donors for capital purchases	(45,167)	(45,167)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,210,983	$ 919,958

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

NOTE 4 – INVESTMENTS

The Partnership's investments are reported at fair value in the accompanying statements of financial position. Fair value is defined as the price that would be received upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. A three-tiered hierarchy is employed to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the assets, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect assumptions market participants would use in pricing the asset developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

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

As of June 30, 2021, the Partnership's investments consisted of the following:

	Fair Value	Cost or Amortized Cost
Common stocks	$ 15,038	$ 10,560
Mutual funds	3,973	3,021
	$ 19,011	$ 13,580

As of June 30, 2021, the Partnership's investments consisted of the following:

		Fair Value Level Designation		
	Total	Level 1	Level 2	Level 3
Common stocks	$ 15,038	$ 15,038	$ -	$ -
Mutual funds	3,973	3,973	-	-
Total	$ 19,011	$ 19,011	$ -	$ -

As of June 30, 2020, the Partnership did not have any common stock, mutual funds, or any other type of investment security.

NOTE 4 – INVESTMENTS – (CONTINUED

Certificates of deposit are carried at cost plus accrued interest are excluded from the fair value table above. As of June 30, 2021 and 2020, the Partnership's certificates of deposit include the following:

Issuer	Face value	Interest Rate	Maturity Date
CIT	$ 155,000	0.15%	8/2/2022
CIT	$ 95,000	0.30%	9/10/2021

Net investment income was comprised of the following for the fiscal-years-ended June 30, 2021 and June 30, 2020:

	2021	2020
Interest	$ 1,088	$ 4,212
Dividends	9	-
Net unrealized gains (losses)	5,430	-
	$ 6,527	$ 4,212

NOTE 5 – PROPERTY AND EQUIPMENT

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

	2021	2020
Building and improvements	$ 8,760,273	$ 8,760,273
Office equipment	161,165	161,165
Vehicles / warehouse equipment	437,562	279,428
	9,359,000	9,200,866
Accumulated depreciation	(4,279,845)	(3,971,709)
	$ 5,079,155	$ 5,229,157

Depreciation expense for the years ended June 30, 2021 and 2020 was $308,136 and $316,001, respectively.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

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

	Available at June 30, 2020	Contributions	Released from Restrictions	Available at June 30, 2021
Donated goods	30,149,800	$ 22,703,218	(23,787,138)	$ 29,065,880
Donated building	3,248,198	-	(191,071)	3,057,127
Program activities	248,260	1,251,688	(1,274,627)	225,321
Capital campaign	45,167	-	-	45,167
	$ 33,691,425	$ 23,954,906	$ (25,252,836)	$ 32,393,495

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 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 7 – LEASE COMMITMENTS

The Partnership leases its home office space under a non-cancelable operating lease agreement that expires on July 31, 2025. The future minimum lease payments are as follows:

Years Ending June 30:	
2022	$ 89,315
2023	91,995
2024	103,391
2025	106,493
Thereafter	8,896
	$ 400,090

Rent expense for the years ended June 30, 2021 and 2020, was $91,623 and $84,586, respectively. These amounts are included as part of occupancy on the statements of functional expenses.

NOTE 8 – 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 $19,500 of their salary plus a catch-up contribution of $6,500 (for individuals over age 50). The Partnership may make discretionary contributions to the plan. The Partnership contributed $51,283 and $51,782 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, the Partnership contributed $6,500 to the 457 Plan.

NOTE 9 — 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. During the year ended June 30, 2021, management received full loan forgiveness from the lender and recognized the related loan forgiveness income in the fiscal-year-ended June 30, 2021.