Consolidated Financial Statements
(With Comparative Financial Information as of
June 30, 2020)
June 30, 2021

Orangewood Foundation

EideBailly®

Consolidated Independent Auditor's Report

Governing Board
Orangewood Foundation
Santa Ana, California

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Orangewood Foundation (the Foundation) (a California Nonprofit Public Benefit Corporation), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statement of activities, 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 consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated 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 Foundation'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation, 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.

Report on Summarized Consolidated Comparative Information
We have previously audited the 2020 financial statements of the Foundation, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information such as the Consolidated Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

The consolidated schedule of expenditures of federal awards and the other supplementary information as listed in the table of contents is the responsibility of management, and was derived from, and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated schedule of expenditures of federal Awards and the other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
October 28, 2021

Orangewood Foundation
Consolidated Statement of Financial Position
June 30, 2021
(with comparative totals for 2020)

	2021	2020
Assets		
Current assets		
Cash, cash equivalents, and restricted cash	$ 16,432,540	$ 15,075,427
Short-term investments	927,025	786,049
Contribution and note receivable, net	5,672,317	9,404,385
Contract receivable	3,788,813	1,239,804
Prepaid expenses	721,855	615,523
Total current assets	27,542,550	27,121,188
Non-current assets		
Restricted investments	10,436,073	8,877,461
Contribution and note receivable, net of current portion	2,031,235	11,414,890
Beneficial interest in perpetual trust	175,568	136,642
Property and equipment, net	64,414,644	55,962,439
Total non-current assets	77,057,520	76,391,432
Total assets	$ 104,600,070	$ 103,512,620
Liabilities		
Current liabilities		
Accounts payable	$ 2,008,027	$ 1,828,919
Deferred revenue	789,741	499,688
Refundable advance - Paycheck Protection Program (PPP)	1,152,883	1,801,316
Custodial fund payable	6,400	5,850
Current portion of notes payable	719,565	905,251
Total current liabilities	4,676,616	5,041,024
Long-term liabilities		
Notes payable, less current portion	19,339,903	21,635,251
Total liabilities	24,016,519	26,676,275
Net Assets		
Without donor restrictions	51,298,493	38,407,453
With donor restrictions	29,285,058	38,428,892
Total net assets	80,583,551	76,836,345
Total liabilities and net assets	$ 104,600,070	$ 103,512,620

Orangewood Foundation

Consolidated Statement of Activities
June 30, 2021
(with comparative totals for 2020)

	Without donor Restrictions	With donor Restrictions	Total 2021	Total 2020
Support and revenues				
Contributions	$ 3,177,076	$ 4,514,128	$ 7,691,204	$ 16,803,583
Charter School Income	-	6,553,536	6,553,536	5,652,602
Federal revenue	1,025,236	880,860	1,906,096	1,540,070
Other state revenue	-	2,032,540	2,032,540	1,321,995
PPP loan forgiveness revenue		1,801,316	1,801,316	-
Other contract revenue	800,758	-	800,758	1,688,734
Special events	727,537	421,683	1,149,220	1,150,666
Investment income	290,136	1,709,520	1,999,656	302,127
Rental income	92,229	-	92,229	109,574
In-kind contributions	511,847	-	511,847	546,806
Other income	32,601	-	32,601	33,963
Net assets released from restrictions	27,057,417	(27,057,417)	-	-
Total support and revenues	33,714,837	(9,143,834)	24,571,003	29,150,120
Expenses				
Program services	17,678,542	-	17,678,542	16,146,237
Management and general	2,283,347	-	2,283,347	2,127,362
Fundraising and development	861,908	-	861,908	784,481
Total expenses	20,823,797	-	20,823,797	19,058,080
Change in Net Assets	12,891,040	(9,143,834)	3,747,206	10,092,040
Net Assets, Beginning of Year	38,407,453	38,428,892	76,836,345	66,744,305
Net Assets, End of Year	$ 51,298,493	$ 29,285,058	$ 80,583,551	$ 76,836,345

	Health & Wellness	Housing	Life Skills & Employment	Education	Total Program Services
Bad debt expense	$ -	$ -	$ -	$ -	$ -
Banking and merchant fees	-	595	565	-	1,160
Mentor and staff recruitment	-	2,579	719	5,098	8,396
Conferences/training	3,697	5,072	-	30,251	39,020
Contracted Services	194,170	21,450	15,479	54,151	285,250
Depreciation	8,742	47,511	150,376	1,916,583	2,123,212
Scholarships	2,684	-	-	939,742	942,426
Samueli Academy operating costs	-	-	-	788,058	788,058
Transitional housing costs	41,027	633,535	51,915	-	726,477
Collaborative courts program	-	-	-	-	-
Volunteer costs	-	15,428	783	-	16,211
ILP program and Resource Center	81,239	-	59,327	-	140,566
Mentoring & Community programs	3,672	150	3,007	-	6,829
Other direct program costs	-	-	-	-	-
Salaries and benefits	963,765	1,561,733	946,040	6,585,283	10,056,821
Accounting and Audit fees	2,641	-	-	-	2,641
Facility expense	31,686	26,702	83,878	224,308	366,574
Insurance expense	17,816	27,144	11,549	129,070	185,579
Inkind Contributions used in Program	407,596	40,419	800	62,152	510,967
Marketing/public relations	1,954	12,238	176	16,513	30,881
Interest expense	-	-	27,002	778,002	805,004
Office equipment leases	5,270	2,049	-	44,984	52,303
Office expense	4,453	6,639	3,859	54,733	69,684
Property tax	-	2,699	-	17,490	20,189
Telephone expense	1,167	-	20,835	40,163	62,165
Travel and mileage	13,195	14,353	7,510	24,310	59,368
Technology	-	13,414	98,911	266,436	378,761
Total functional expenses	$ 1,784,774	$ 2,433,710	$ 1,482,731	$ 11,977,327	$ 17,678,542

Orangewood Foundation
Consolidated Statement of Functional Expenses
Year Ended June 30, 2021
(with comparative totals for 2020)

	Management and General	Fundraising and Development	Total Support Services	Total Expenses	2020
Bad debt expense	$ 4,293	$ (2,136)	$ 2,157	$ 2,157	$ 178,115
Banking and merchant fees	38,607	-	38,607	39,767	21,868
Mentor and staff recruitment	8,369	-	8,369	16,765	15,466
Conferences/training	14,129	1,806	15,935	54,955	86,107
Contracted Services	108,244	94,572	202,816	488,066	652,844
Depreciation	40,100	22,826	62,926	2,186,138	1,117,271
Scholarships	-	-	-	942,426	1,042,581
Samueli Academy operating costs	-	-	-	788,058	430,227
Transitional housing costs	-	-	-	726,477	320,835
Collaborative courts program	-	-	-	-	64,236
Volunteer costs	-	-	-	16,211	4,925
ILP program and Resource Center	-	-	-	140,566	113,668
Mentoring & Community programs	-	-	-	6,829	13,599
Other direct program costs	-	-	-	-	8,836
Salaries and benefits	1,758,722	704,610	2,463,332	12,520,153	11,719,180
Accounting and Audit fees	55,010	-	55,010	57,651	44,950
Facility expense	15,350	7,751	23,101	389,675	1,115,822
Insurance expense	8,284	-	8,284	193,863	139,290
Inkind Contributions used in Program	-	-	-	510,967	488,631
Marketing/public relations	121,300	1,594	122,894	153,775	185,805
Interest expense	7,201	4,099	11,300	816,304	557,974
Office equipment leases	16,365	-	16,365	68,668	41,862
Office expense	34,635	10,058	44,693	114,377	108,647
Property tax	5,919	-	5,919	26,108	43,950
Telephone expense	5,085	2,894	7,979	70,144	49,817
Travel and mileage	7,145	1,764	8,909	68,277	154,091
Technology	34,589	12,070	46,659	425,420	337,483
Total functional expenses	$ 2,283,347	$ 861,908	$ 3,145,255	$ 20,823,797	$ 19,058,080

	2021	2020
Operating Activities		
Change in net assets	$ 3,747,206	$ 10,092,040
Adjustments to reconcile change in net assets		
to net cash from (used for) operating activities		
Depreciation expense	2,186,138	1,117,271
Bad debt expense	2,157	-
Donated assets	-	(55,414)
Donated investment	-	(100,000)
Forgiveness of debt	-	(4,870)
PPP loan forgiveness	(1,801,316)	-
Change in discount on contributions receivable	(238,350)	625,178
Loss on disposal of property and equipment	3,286	43,553
Net unrealized and realized gain/loss on investments	(1,788,117)	(7,294)
Changes in operating assets and liabilities		
Contributions receivable	13,351,916	(1,065,266)
Contracts receivable	(2,549,009)	(575,115)
Prepaid expenses	(106,332)	(331,758)
Accounts payable	179,108	671,669
Custodial funds payable	550	(13,309)
Deferred revenue	290,053	138,892
Refundable advance - PPP	1,152,883	1,801,316
Net Cash from (used for) Operating Activities	14,430,173	12,336,893
Investing Activities		
Purchases of property and equipment	(10,641,629)	(20,642,988)
Purchases of investments	(127,009)	(849,733)
Proceeds from the sale of investments	176,612	534,045
Net Cash from (used for) Investing Activities	(10,592,026)	(20,958,676)
Financing Activities		
Proceeds from issuance of notes	655,300	10,113,201
Principal payments on notes	(3,136,334)	(457,882)
Net Cash from (used for) Financing Activities	(2,481,034)	9,655,319
Net Change in Cash, Cash Equivalents, and Restricted Cash	1,357,113	1,033,536
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	15,075,427	14,041,891
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 16,432,540	$ 15,075,427
Cash and cash equivalents	$ 4,723,844	$ 5,889,175
Restricted cash	11,708,696	9,186,252
Total Cash, Cash Equivalents, and Restricted Cash	$ 16,432,540	$ 15,075,427
Supplemental Cash Flow Disclosure		
Cash paid during the period in interest	$ 812,182	$ 511,999
Non-cash accretion of interest	$ 61,054	$ 68,232

See Notes to Consolidated Financial Statements

Note 1 - Principal Activity and Significant Accounting Policies

Orangewood Foundation (the Foundation), formerly known as Orangewood Children's Foundation, is a nonprofit organization that was incorporated in the State of California on November 20, 1980, with a vision of developing educated, self-sufficient adults, and stable, healthy families in our communities; and a mission to provide life-changing prevention and intervention programs for abused and neglected children, young adults and at risk families through one-on-one support and community partnerships for the purpose of ending the cycle of child abuse by providing innovative programs focused on:

- Health & Wellness – On a daily basis, Orangewood staff members help our youth with their physical, emotional, and "relational" health. Often, struggles in these areas become hurdles for our youth to achieve their other goals on the path to self-sufficiency, such as securing and maintaining housing and employment, learning and retaining life skills, and pursuing an education.

- Housing - The Foundation provides housing referrals and assistance, plus transitional housing through our four Rising Tide program sites. Among youth who visit our resource center, 55 percent indicated that they had been homeless or experienced unstable housing in the past six months.

- Life Skills & Employment - Several Orangewood Foundation programs help current and former foster youth learn essential life skills that children and teens from stable families often learn from their parents, either directly or through observation. Our programs also help youth find employment and develop job-readiness skills.

- Education - Orangewood Foundation programs help the community and foster youth develop and achieve their educational goals, from high school to college to graduate school. Orangewood Foundation helps foster and community youth develop and achieve their educational goals. Our programs include our Samueli Academy charter high school, scholarships for college and graduate school, and education-related workshops.

The Foundation has the following consolidated affiliates (where the Foundation is the sole member) that were formed to perform charitable and educational activities in furtherance of the Foundation's activities (together, the Foundation): Orangewood Real Property LLC, Orangewood Residential LLC, and General William Lyon Workforce Academy LLC (LLCs).

In late 2011, Orangewood created a new legal entity, Samueli Academy, which was approved by the California Secretary of State in February 2012. The Internal Revenue Service (IRS) filing for this entity to become a separate 501(c)(3) nonprofit organization was completed on July 30, 2014.

The following are descriptions of the programs the Foundation offers:

Health & Wellness

Orangewood Resource Center - This is a drop-in center for Orange County youth up to age 25 offering services they need to become independent adults, including educational activities and resources for jobs, college, housing and health.

Housing

Rising Tide Communities - This residential program offers selected young adults, who have “aged-out” of the foster care system at age 18, a unique housing program that provides subsidized apartment living, education opportunities and mentoring during an 18-24 month period to help them transition successfully into life on their own.

Beverly House - In 2012, YWCA Central Orange County, recognizing our expertise in transitional housing for former foster youth, approached the Foundation to take over operations and ownership for the First Steps at Beverly’s House program. Now a part of Rising Tide, Beverly’s House serves young women transitioning from the foster care system to independent adulthood at the age of 18 in a fully furnished home in the city of Orange.

Lighthouse - In June 2016, the Foundation received the donation of a home to be used for young women over 18 that are victims of sex trafficking. Over 60 percent of sex trafficking victims are former foster youth. Recognizing that there were no programs for these women, the Foundation created this residential program that will help survivors of sex trafficking return to a healthy and productive life.

Life Skills & Employment

Independent Living Program - This program provides workshops, special educational events and case management for foster youth, ages 16-21, to help them prepare for their release from the dependency system and support them after they have turned 18. This program has numerous regularly scheduled events and activities focusing on four areas - education, career, relationships, and daily living - which provide vital information and experience these young people will need when facing life on their own.

Peer Mentor Program - This program began in 1992 when Children’s Trust Fund recipients, former foster children themselves, approached the Foundation wanting to give back and help other young abuse victims. Peer mentors are powerful role models who conduct mentoring sessions at Orangewood Children and Families Center and at Independent Living workshops.

Collaborative Courts Program - This program works with a group of high needs adolescents in the Orange County foster care system. The program provides specialized, individualized mental health services to help stabilize youth and move them toward their goals for education, career, and long-term housing.

California Youth Connection - This is a statewide organization of young adults whose mission is to advocate to legal and political authorities on behalf of foster children throughout the State and nation. The Foundation sponsors the Orange County chapter.

Orangewood Grants - This program provides grants to eligible foster youth for special activities such as counseling, school supplies, extracurricular activities, and graduation expenses.

Mentoring - This is a program for selected current and former foster youth who are 14-25 years old where they are carefully matched with an adult volunteer in order to create a meaningful 1-on-1 relationship. This mentor receives intensive training from the Foundation and will provide a stable adult influence in the foster youth’s life. The mentor will guide the foster youth through the various challenges he/she will encounter prior to and after emancipation from the foster care system.

Education

Orangewood Scholarships - This program offers financial assistance to current and former foster children, scholarships for college and trade school, and emergency funds for living expenses.

Advanced Studies - Similar to Orangewood Scholarships, this program provides former foster youth with educational assistance in the pursuit of an advanced degree or certification beyond their undergraduate course work.

Samueli Academy Scholarships - This program offers financial assistance to former students of Samueli Academy in the pursuit of an undergraduate degree.

Samueli Academy - Samueli Academy is a public charter high school in Santa Ana that provides numerous unique features to prepare foster and underserved youth for higher education and a self-sufficient, healthy adult life. Some of the unique features of this project are:

- An individualized approach to academic instruction that utilizes the STEM and Project Based Learning curriculum;
- Future on-campus, family-style residential housing program for up to 48 foster youth students of the school;
- A wide array of afterschool programs and extracurricular activities to provide students with additional academic support and numerous athletic and arts opportunities; and
- Participation in classroom-based training and real-life experiences to provide youth the knowledge and tools for successful independent living.

Samueli Academy was awarded the first-ever charter from the Orange County Department of Education in February 2012. In addition, the Santa Ana City Council unanimously approved the project in September 2012. Samueli Academy received a five year renewal of its charter in June 2018.

Samueli Academy campus construction began in the Spring of 2013 and the first class of approximately 125 students were enrolled in August 2013. A new freshman class was added each year and Samueli Academy held its first graduation ceremony in June 2017 with a 99 percent graduation rate. The Samueli Academy was named a California Gold Ribbon School in 2017. In July 2015, the first two permanent buildings were completed.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and LLCs because the Foundation has controlling financial interest in the LLCs, as well as the Samueli Academy. All significant intercompany accounts and transactions have been eliminated in the consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Foundation.

Basis of Accounting

The accompanying consolidated financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the Unified States of America (GAAP). Accordingly, such information should be read in conjunction with the Foundation's audited consolidated financial statements for the year ending June 30, 2020.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Foundation considers all cash including cash in the County Investment Pool and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Restricted Cash

Amounts included in restricted cash represent funds required to be set aside by a donor or contractual agreement.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statements of activities and consists of dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable.

The Foundation’s contracts receivable are primarily reimbursements due from contracted government contract reimbursement requests.

Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution income for the difference.

The Foundation uses the allowances method to determine uncollectible unconditional promises receivable. The allowance is based on prior years’ experience and management’s analysis of specific promises made. Management has determined that an allowance of $1,568 and $3,704 is necessary as of June 30, 2021 and 2020, respectively.

Property and Equipment

Property and equipment additions over $2,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021.

Revenue and Revenue Recognition

Revenue is recognized when earned. The Foundation is funded primarily from contributions from the public, grant awards, special events and government contracts. The Foundation receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received.

A portion of the Foundation's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Foundation would otherwise purchase the services. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

In 2020 the Foundation was granted a $1,801,316 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation has elected to account for the funding as a conditional contribution by applying ASC 958-605, Not-for-Profit – Revenue Recognition. The Foundation initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Foundation has recognized $1,801,316 as PPP loan forgiveness revenue for the year ended June 30, 2021.

In 2021 The Foundation was granted an additional $1,152,883 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. Proceeds from the PPP loans are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. The Foundation will be required to repay any remaining balance, plus interest accrued at 1 percent, in monthly payments commencing upon notification that the loan will not be forgiven or partially forgiven. The terms of the loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The loan may be accelerated upon the occurrence of an event of default. At June 30, 2021, the refundable advance related to PPP was $1,152,883.

Functional Allocation of Expenses

The consolidated financial statements report categories of expenses that are attributed to program service activities, management and general activities or fundraising and development activities. The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The consolidated statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Foundation is a California non-profit benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible. It is also exempt from State franchise and income taxes. Accordingly, no provision for income taxes has been reflected in these financial statements. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. Income tax returns for 2015 and forward may be audited by regulatory agencies; however, the Foundation is not aware of any such actions at this time.

Management believes that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Foundation’s mission.

Recent Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on the Foundation's consolidated financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases. The ASU is effective for the Foundation for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

The ASU is effective for the Foundation for the year ended June 30, 2023. Management is evaluating the impact of the adoption of this standard.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets*, which requires a nonprofit entity to present contributed nonfinancial assets in the consolidated statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The ASU is effective for the Foundation for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

Note 2 - Samueli Academy

As described in Note 1, the Foundation has opened Samueli Academy to serve foster and community youth as a charter school. A separate audit has been completed for Samueli Academy as well as a combined audit that includes the Foundation and LLCs (excluding Samueli Academy). The Foundation has created three LLCs and completed (July 30, 2014) the process of creating a separate 501(c)(3) organization to administer the day-to-day activities of Samueli Academy. As of June 30, 2020, the Foundation has acquired real property located in Santa Ana, California for approximately $7.6 million and on July 31, 2020, completed construction-related activities for the real property totaling approximately $52.0 million (see Note 8). The acquisition and construction activities were refinanced through donor contributions and a promissory note from a bank (see Note 11). In July 2020, a new capital campaign was started to raise an additional $3.0 million to complete a gymnasium and soccer field

Note 3 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, compromise the following:

Cash and cash equivalents	$ 4,723,844
Other assets	721,855
Short-term investments	927,025
Total	$ 6,372,724

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Foundation has committed lines of credit in the amount of $4,500,000, which it could draw upon.

Note 4 - Fair Value Measurements and Disclosures

The Foundation has determined the fair value of certain assets in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets that can be accessed at the reporting date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset and market corroborated inputs Level 3 inputs are unobservable inputs related to the asset. In these situations, inputs are developed using the best information in the circumstances.

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

A significant portion of investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values. Mutual funds and equities are invested and traded in the financial markets. Short-term investments (consisting primarily of money market funds) corporate, and agency, for which quoted prices are not readily available are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

Net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used to estimate the fair values of certain hedge funds, private equity funds, fund of funds, and limited partnerships which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy but are included in the table below to permit reconciliation to the accompanying statement of financial position.

The following table presents assets and liabilities measured at fair value on a recurring basis, as identified in the following, at June 30, 2021:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Investments				
Short-term investments	$ 272,297	$ -	$ -	$ 272,297
Mutual funds	4,327,298	-	-	4,327,298
Equity securities	6,664,459	-	-	6,664,459
Beneficial interest in perpetual trust	-	-	175,568	175,568
Asset backed securities	99,044			99,044
Total	$ 11,363,098	$ -	$ 175,568	$ 11,538,666

The following table presents assets and liabilities measured at fair value on a recurring basis, as identified in the following, at June 30, 2020:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Investments				
Short-term investments	$ 1,368,980	$ -	$ -	$ 1,368,980
Mutual funds	3,629,338	-	-	3,629,338
Equity securities	4,665,192	-	-	4,665,192
Beneficial interest in perpetual trust	-	-	136,642	136,642
Asset backed securities	-	-	-	-
Total	$ 9,663,510	$ -	$ 136,642	$ 9,800,152

Note 5 - Investments

Investments consist of equity securities, mutual funds and alternative investments which are carried at fair value in accordance with current accounting guidance. Donated investments are recorded at the fair value at the date of donation.

Summary of Investments

Investments are recorded as follows in the consolidated statements of financial position at June 30, 2021 and 2020:

	2021	2020
Restricted investments - Endowment	$ 9,728,479	$ 8,373,256
Restricted investments - Samueli	99,044	100,000
Restricted investments - Advanced Studies	608,550	404,205
Beneficial interest in perpetual trust	175,568	136,642
Total restricted investments	10,611,641	9,014,103
Unrestricted investments	927,025	786,049
Total	$ 11,538,666	$ 9,800,152

Net Investment income as of June 30, 2021 and 2020, consisted of the following:

	June 30, 2021		
	Endowments	Other	Total
Interest and dividends	$ 231,299	$ 56,912	$ 288,211
Investment fees	(70,190)	(6,481)	(76,671)
Net realized and unrealized gain	1,640,230	147,886	1,788,116
Total	$ 1,801,339	$ 198,317	$ 1,999,656

	June 30, 2020		
	Endowments	Other	Total
Interest and dividends	$ 247,481	$ 114,783	$ 362,264
Investment fees	(59,090)	(8,337)	(67,427)
Net realized and unrealized gain	1,610	5,680	7,290
Total	$ 190,001	$ 112,126	$ 302,127

Beneficial Interest in Perpetual Trust

The fair value of the beneficial interest in perpetual trust fluctuates based on investment returns reported to the Foundation by a third party. This investment is subject to change based on decisions made by the third party and has been classified within Level 3 of the valuation hierarchy.

Cash Equivalents Recorded at Fair Value on a Recurring Basis

Deposits with county treasurer are an external investment pool sponsored by the County of Orange. County deposits are not required to be categorized. The pool provided the fair value for these deposits.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Foundation manages its exposure to interest rate risk by investing in the County Pool.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table presents the balances of the cash equivalents measured at fair value on a recurring basis as of June 30, 2021. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2021.

Investment Type	Level	Fair Value	Weighted Average Maturity in Days
Orange County Investment Pool	Not required	$ 247,620	400

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2020. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2020.

Investment Type	Level	Fair Value	Weighted Average Maturity in Days
Orange County Investment Pool	Not required	$ 30,440	289

Note 6 - Contributions Receivable

Long-term contributions receivable (those expected to be collected over more than the next twelve months) have been discounted using the Foundation’s borrowing rate in effect at the time of the pledge. As of June 30, 2021, the discount rate in effect was 3.75 percent.

Future expected contributions receivable are as follows:

Year Ending June 30,	
2022	$ 5,673,885
2023	1,262,701
2024	702,207
2025	383,033
2026	50,000
Subtotal	8,071,826
Less allowance for doubtful accounts	(1,568)
Less discount	(366,706)
Total	$ 7,703,552

Note 7 - Contracts Receivable

Contracts Receivables at June 30, 2021 and 2020, consisted of intergovernmental grants, entitlements and other local sources. All receivables are considered collectible in full.

June 30, 2021	Orangewood Foundation	Samueli Academy	Total
Contract receivables	$ 16,733	$ -	$ 16,733
Governmental receivables	259,965	3,512,115	3,772,080
Total	$ 276,698	$ 3,512,115	$ 3,788,813

June 30, 2020	Orangewood Foundation	Samueli Academy	Total
Contract receivables	$ 25,244	$ -	$ 25,244
Governmental receivables	256,491	958,069	1,214,560
Total	$ 281,735	$ 958,069	$ 1,239,804

Note 8 - Property and Equipment

At June 30, 2021 and 2020, land, property, and equipment consisted of the following:

	2021	2020
Land	$ 10,273,312	$ 10,273,312
Furniture, fixtures, and equipment	2,894,579	1,741,313
Building	54,159,880	23,990,288
Building improvements	1,940,455	3,056,898
Vehicles	130,538	130,538
Work in progress	3,814,777	24,877,516
Subtotal	73,213,541	64,069,865
Less accumulated depreciation	(8,798,897)	(8,107,426)
Total	$ 64,414,644	$ 55,962,439

Depreciation expense for the years ended June 30, 2021 and 2020, was $2,186,138 and $1,117,271, respectively.

Note 9 - Beneficial Interest in Perpetual Trust

The Foundation was named as a beneficiary of the Orangewood Foundation Endowment Fund (the Fund), established in 1995. The Foundation is entitled to a distribution of the income on an annual basis as determined by the Board of Directors of the Orange County Community Foundation (OCCF), which are the Fund administrators. The assets of the OCCF Fund as of June 30 are as follows:

	2021	2020
Beneficial Interest in Perpetual Trust with Donor Restrictions		
Endowments		
Initial contribution	$ 38,000	$ 38,000
Foundation match	45,000	45,000
Contribution - Dorothy M. Booth Charitable Trust	7,500	7,500
Total beneficial interest in perpetual trust with donor restrictions endowments	$ 90,500	$ 90,500
Beneficial Interest in Perpetual Trust with Donor Restrictions unappropriated earnings on endowment investments		
Cumulative gain on investments	$ 196,475	$ 157,549
Cumulative distributions	(111,407)	(111,407)
Total beneficial interest in perpetual trust with donor restrictions	85,068	46,142
Total	$ 175,568	$ 136,642

Note 10 - Custodial Funds Payable

The Foundation holds deposits for youth apartments rented by Orangewood for the youth. At June 30, 2021 and 2020, custodial funds payable relating to these pass-through transactions was $6,400 and $5,850, respectively.

Note 11 - Notes Payable

Loans and notes payable for the year ended June 30, 2021, are summarized as follow:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in one year
F & M Construction notes payable	$ 11,321,679	$ -	$ (372,020)	$ 10,949,659	$ 391,312
F & M Construction notes payable Series A	9,745,600	479,050	(2,060,842)	8,163,808	214,855
F & M Construction notes				-	
payable Series B	418,600	176,250	(594,850)	-	-
F & M Mortgage payable	1,036,295	-	(103,458)	932,837	107,924
Mortgage note payable	-	-	-	-	
Toyota Vehicle Loan	18,328	-	(5,164)	13,164	5,474
Total	$ 22,540,502	$ 655,300	$ (3,136,334)	$ 20,059,468	$ 719,565

Loans payable consisted of the following at June 30, 2021:

	2021	2020
Obligation under note payable, maximum borrowing of $12,660,000, secured by a deed of trust on the real property purchased in fiscal year 2012, guaranteed by the Foundation, refinanced through a tax free interest rate program from the California Enterprise Development Authority at 3.40 percent interest. Payments are amortized over a 25 year period with 120 payments of $63,039. The final payment will be for any unpaid principal and interest on June 30, 2026.	$ 10,949,659	$ 11,321,679
Obligation under note payable, maximum borrowing of $20,500,000, secured by a deed of trust on the real property purchased in fiscal year 2012, guaranteed by the Foundation, new construction financed through a tax free interest rate program from the California Enterprise Development Authority at 3.75 percent interest. 24 Interest Only Payments commencing with the first interest payment on April 1, 2019 followed by 96 principal & interest payments (P&I). P&I is calculated based upon the outstanding debt balance at the end of the 24 interest only period and is calculated on a 25 year amortization. The final payment will be for any unpaid principal and interest on April 1, 2029.	8,163,808	9,745,600

	2021	2020
Obligation under note payable, maximum borrowing of $12,000,000, secured by a deed of trust on the real property purchased in fiscal year 2012, guaranteed by the Foundation, refinanced through a tax free interest rate program from the California Enterprise Development Authority at 3.75 percent interest. Secured by three $4,000,000 pledge payments.	-	418,600
Term note payable to bank, secured by vehicle lien on 2018 Toyota Sienna. 60 monthly payments of $508.40 at 5.85 percent interest.	13,164	18,328
Term note payable to bank, secured by a deed of trust on the Foundation and Headquarter buildings and building improvements, payable in 120 monthly installments of $11,756 including interest. Refinanced in February 2019.	932,837	1,036,295
Total	$ 20,061,489	$ 22,542,522

Future minimum annual principal payments on the loans payable for the fiscal year ended are as follows:

Year Ending June 30,	Principal
2022	$ 719,565
2023	741,597
2024	764,169
2025	789,645
2026	818,000
Thereafter	16,226,492
Total	$ 20,059,468

Note 12 - Operating Leases

The Foundation has entered into agreements to lease equipment. Future payments are as follows:

Year Ending June 30,	Postage Machine Lease	Copier Lease Payments	Total
2022	$ 2,933	$ 70,056	$ 72,989
2023	1,326	66,971	68,297
2024	1,326	66,354	67,680
2025	994	7,983	8,977
Total	$ 6,579	$ 211,364	$ 217,943

Note 13 - Net Assets

Net Assets at June 30, 2021 and 2020, consisted of the following:

Net Assets Without Donor Restrictions	2021	2020
Undesignated	$ 51,298,493	$ 38,407,453
Net Assets With Donor Restrictions		
Subject to expenditure for specified purpose or period		
Cash and Receivables Pledged against Samueli Academy campus debt Phase 2	$ 2,510,386	$ 2,881,701
Cash and Receivables Pledged against Samueli Academy campus expansion and debt Phase 3	6,987,248	17,716,666
Cash and Receivables Pledged against Samueli Academy campus expansion Phase 4	7,846,042	8,802,149
Cash and Receivables Pledged against Youth Connected Program	-	114,261
Net Assets General William Lyon Workforce Academy	1,199,800	-
Net Assets Youth Connected Program	228,983	-
Orangewood Foundation Scholarships	1,336,659	676,162
Samueli Academy Scholarships and Operations	2,132,931	1,248,072
Advanced Studies	608,550	404,205
Cash in Endowment pledged to capital	-	110,716
Total	$ 22,850,599	$ 31,953,932
Perpetual in nature subject to the Organization's endowment spending policy and appropriation		
Orangewood Foundation Scholarships	1,934,459	1,974,960
Samueli Academy Scholarships and Operations	4,500,000	4,500,000
Total	$ 6,434,459	$ 6,474,960
Total net assets without donor restrictions	$ 29,285,058	$ 38,428,892

Note 14 - Endowments

The Foundation’s endowments are exclusively donor restricted, consisting of the Orangewood Scholarships Endowment, Samueli Academy Scholarships Endowment, and the OCCF Fund (see Note 9).

In approving endowment spending and related policies, as part of the prudent and diligent discharge of its duties, the Foundation’s Board of Directors, as authorized by California law, has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and officers, and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor direction to the contrary.

As a result of this interpretation, for accounting and financial statement purposes, the Foundation classifies as perpetually restricted net assets the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

Net investment income (loss) on endowment net assets is reported as an increase in temporarily restricted net assets until those amounts are appropriated for expenditure under the Foundation's spending policy by the Foundation's Investment Committee.

Changes to endowment net assets are as follows for the years ended June 30, 2021 and 2020:

	With Donor Restriction
Endowment Net Assets at June 30, 2019	$ 8,550,036
Net contributions	312,464
Investment gain, net	190,001
Appropriation of endowment investment for Advanced Studies Scholarships & Expenses	(132,388)
Appropriation of endowment investment for Samueli Scholarships & operations	(6,000)
Endowment Net Assets at June 30, 2020	8,914,113
Net contributions	320,092
Investment gain, net	1,801,339
Appropriation of endowment investment for Advanced Studies Scholarships & Expenses	(135,447)
Appropriation of endowment investment for Samueli Scholarships & operations	(276,772)
Appropriation of endowment holdings to Capital	(110,716)
Endowment Net Assets at June 30, 2021	$ 10,512,609

Investment and Spending Policies

The Foundation's investment and spending policies are set by the Foundation's Investment Committee, which seek to preserve the real purchasing power of the endowment assets, net of inflation, fees, and annual distributions for grants and expenses. In accordance with the Foundation's investment policy, the endowment assets shall be considered as two parts: an "equity fund" and a "fixed income fund." The equity fund may be diversified with investments in global marketable equities, which should account for between 40 percent and 65 percent of the portfolio. A zero-10 percent allocation can be made to marketable alternative assets, non-marketable alternative assets, inflation-hedging assets and other "opportunistic" investments, the fixed income fund should account for at least 20 percent, but not more than 45 percent, of the portfolio.

The Foundation's Spending Policy allows for an annual transfer from accumulated earnings on endowment assets of an amount representing zero-5 percent of the CTF Endowment assets to the Foundation to fund current year scholarship obligations. However, if the balance of the CTF Endowment investments is below the corpus, all earnings will first replenish the CTF Endowment investments until all amounts required by law are replenished. As of June 30, 2021, and 2020, there were no deficiencies in the CTF Endowment corpus.

Note 15 - Special Events and Auxiliaries

Special events/auxiliaries include revenue and expenses from events sponsored and managed by the Foundation and other events where the Foundation is a beneficiary of the event but does not incur substantial costs or bear significant responsibility in facilitating the event.

Income and expenses from special events/auxiliaries for the years ended June 30 are as follows:

	2021	2020
Revenues, gross	$ 1,611,893	$ 2,019,934
Cost of direct benefit	(462,673)	(869,268)
Total	$ 1,149,220	$ 1,150,666

Note 16 - Employee Retirement Systems

The Foundation has adopted a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code as of October 1, 2001, whereby employees may elect to defer a portion of their compensation to be invested in annuity contracts on their behalf. This plan was closed to new participants in 2007.

On July 30, 2007, the Foundation started a 403(b) plan (the Plan). The Plan provides a discretionary employer match of up to 75 percent of employee contributions to a maximum of $1,500 in 2019 and 100% of employee contributions up to a maximum of $2,000 in 2020. Vesting in the employer match is over five years at 20 percent per year. Employees become eligible as of the first of the month following the date of hire. The employer contributions made to this plan during the fiscal years ended June 30, 2021 and 2020, were $93,021 and $79,660, respectively.

On October 1, 2007, the Foundation established a tax deferred 457(b) Retirement Plan for certain key executives. Employee and employer contributions made to the plan are immediately 100 percent vested. The Foundation made a $20,000 and $15,000 discretionary contribution for the year ended June 30, 2021 and June 30, 2020, respectively.

Qualified employees with Samueli Academy are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS).

The risks of participating in these multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and State contribution rates are set by the California Legislature, and (c) if the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

The details of the plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

Samueli Academy contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2018, total actuarial value of assets are $190.4 billion, the actuarial obligation is $297.6 billion, contributions from all employers totaled $4.7 billion, and the plan is 64 percent funded.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

Samueli Academy contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, Samueli Academy and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and Samueli Academy's total contributions were $547,333. Samueli Academy's total contributions for the year ended June 30, 2020, were $491,467.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Samueli Academy. These payments consist of State General Fund contributions to CalSTRS in the amount of $299,982 (10.328 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 17 - Contingencies

The Foundation and Samueli Academy have received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

Guarantees and Indemnities

During the normal course of business, the Foundation has made certain indemnities and guarantees under which it may be required to make payments in relation to certain transactions. These indemnities include certain agreements with the Foundation's officers, under which the Foundation may be required to indemnify such person for liabilities arising out of their employment relationship. Additionally, the Foundation indemnifies banks under the line of credit agreement and promissory note agreement against certain claims as a result of the violation of any law. The Foundation has also indemnified a bank for certain environmental liability losses which may be incurred related to the corresponding land, building, and improvements. The duration of these indemnities and guarantees varies and, in certain cases, is indefinite. The majority of these indemnities and guarantees do not provide for any limitation of the maximum potential future payments the Foundation could be obligated to make. The Foundation hedges some of the risk associated with these potential obligations by carrying general liability insurance. Historically, the Foundation has not been obligated to make significant payments for these obligations and no liabilities have been recorded for these indemnities and guarantees in the consolidated statement of financial position.

Note 18 - Related Party Transactions

Various board members make contributions to the Foundation through donations, fundraising events, and volunteer time. General contributions recorded from board members during the years ended June 30, 2021 and 2020, totaled approximately $1,336,070 and $3,643,125, respectively, which are recorded in general contributions in the accompanying statements of activities. Contributions receivable from board members totaled approximately $3,754,395 and $14,957,901 as of June 30, 2021 and 2020, respectively. In addition, the Foundation receives contributions from two entities that have certain common directors. Contributions from these entities totaled approximately $620,000 and $700,000 for the years ended June 30, 2021 and 2020, respectively.

Various board members make contributions to Samueli Academy through donations, fundraising events, and volunteer time. General contributions recorded from board members during the years ended June 30, 2021 and 2020, totaled approximately $45,107 and $29,000 respectively, which are recorded in general contributions in the accompanying Statement of Activities.

Samueli Academy has a service agreement with the Foundation for administrative and fundraising services. As of June 30, 2021 and 2020, $629,164 and $530,960, respectively, was paid under this agreement. Samueli Academy leases its facilities from Orangewood Real Property, LLC. Under the terms of this lease, during the years ended June 30, 2021 and 2020 $966,550 and $795,371 in rental expenses was incurred, respectively.

Note 19 - Rental Income

Lease Agreements

The Foundation leased a portion of its building to various unaffiliated nonprofit corporations under agreements that expired at various dates through June 2020. Rental income for fiscal ended June 30, 2021 and 2020 was $0 and $91,627, respectively.

Note 20 - Subsequent Events

The Foundation evaluated their June 30, 2021, financial statements for subsequent events through October 28, 2021, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

Supplementary Information
June 30, 2021

Orangewood Foundation

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through California Department of Social Services and the County of Orange			
Chafee Foster Care Independence Program - Independent Living	93.674	[1]	$ 490,840
Total U.S. Department of Health and Human Services			490,840
U.S. Department of Justice			
Passed through California Department of Emergency Services and the County of Orange			
Crime Victim Assistance Program - Victims of Crime Act (VOCA	16.575	[1]	273,232
Crime Victim Assistance Program - Victims of Crime Act (VOCA	16.575	[1]	261,164
Total U.S. Department of Justice			534,396
Total Federal Programs			$ 1,025,236

[1] Pass-Through Entity Identifying Number not available.

	Orangewood Foundation	Samueli Academy	Orangewood Real Property, LLC	Orangewood Residential, LLC	General William Lyon Workforce Academy LLC	Subtotal	Eliminations	Total
Assets								
Current Assets								
Cash and cash equivalents	$ 3,611,028	$ 1,112,817	$ -	$ 275,568	$ 1,141,429	$ 6,140,842	$ -	$ 6,140,842
Restricted cash	-	-	10,291,698	-	-	10,291,698	-	10,291,698
Investments	927,025	-	-	-	-	927,025	-	927,025
Current portion of contributions and note receivable, net allowance for doubtful accounts of $1,568	5,449,232	148,085	-	-	75,000	5,672,317	-	5,672,317
Contracts receivable	276,698	3,512,115	-	-	-	3,788,813	-	3,788,813
Prepaid expenses and other assets	627,360	90,749	-	3,746	-	721,855	-	721,855
Total current assets	10,891,343	4,863,766	10,291,698	279,314	1,216,429	27,542,550	-	27,542,550
Contributions and note receivable, net of current portion	2,017,050	14,185	-	-	-	2,031,235	-	2,031,235
Land, property and equipment, net of accumulated depreciation	4,845,857	902,978	58,636,788	29,021	-	64,414,644	-	64,414,644
Investments in Samueli Academy and LLC's	56,415,218	-	-	-	-	56,415,218	(56,415,218)	-
Beneficial interest in perpetual trust	175,568	-	-	-	-	175,568	-	175,568
Restricted investments	10,337,029	99,044	-	-	-	10,436,073	-	10,436,073
		-						
	$ 84,682,065	$ 5,879,973	$ 68,928,486	$ 308,335	$ 1,216,429	$161,015,288	$ (56,415,218)	$104,600,070

	Orangewood Foundation	Samueli Academy	Orangewood Real Property, LLC	Orangewood Residential, LLC	Orangewood Residential, LLC	Subtotal	Eliminations	Total
Liabilities and Net Assets								
Current Liabilities								
Accounts payable and accrued expenses	$ 1,326,268	$ 515,683	$ 121,545	$ 44,531	$ -	$ 2,008,027	$ -	$ 2,008,027
Inter-fund payable (receivable)	(140,195)	22,442	66,302	34,822	16,629	-	-	-
Deferred revenue	267,396	522,345	-	-	-	789,741	-	789,741
Custodial funds payable	6,400	-	-	-	-	6,400	-	6,400
Refundable advance - Paycheck Protection Program (PPP)	1,152,883	-				1,152,883		1,152,883
Obligations under notes								-
payable, current portion	113,398	-	606,167	-	-	719,565	-	719,565
Total current liabilities	2,726,150	1,060,470	794,014	79,353	16,629	4,676,616	-	4,676,616
Long-Term Debt								
Obligations under loans payable, long-term portion	832,603	-	18,507,300	-	-	19,339,903	-	19,339,903
Total liabilities	3,558,753	1,060,470	19,301,314	79,353	16,629	24,016,519	-	24,016,519
Net Assets								
Without donor restrictions	70,610,713	4,819,503	32,283,495	-	-	107,713,711	(56,415,218)	51,298,493
With donor restrictions	10,512,599	-	17,343,677	228,982	1,199,800	29,285,058	-	29,285,058
Total net assets	81,123,312	4,819,503	49,627,172	228,982	1,199,800	136,998,769	(56,415,218)	80,583,551
	$ 84,682,065	$ 5,879,973	$ 68,928,486	$ 308,335	$ 1,216,429	$161,015,288	$ (56,415,218)	$104,600,070

	Orangewood Foundation	Samueli Academy	Orangewood Real Property, LLC	Orangewood Residential, LLC	General William Lyon Workforce Academy LLC	Subtotal	Eliminations	Total	2020
Revenues									
Contributions	$ 5,767,485	$ 705,771	$ -	$ -	$ 1,217,948	$ 7,691,204	$ -	$ 7,691,204	$ 16,803,583
Charter School Income	-	6,553,536	-	-	-	6,553,536	-	6,553,536	5,652,602
Federal revenue	1,025,236	880,860	-	-	-	1,906,096	-	1,906,096	1,540,070
Other contract revenue	800,758	-	-	-	-	800,758	-	800,758	1,688,734
PPP loan forgiveness revenue	1,043,535	757,781	-	-	-	1,801,316	-	1,801,316	-
Other state revenue	-	2,032,540	-	-	-	2,032,540	-	2,032,540	1,321,995
Special events	1,046,801	102,419	-	-	-	1,149,220	-	1,149,220	1,150,666
Investment income	1,965,038	6,306	28,312	-	-	1,999,656		1,999,656	302,127
Rental income	92,229	-	966,550	-	-	1,058,779	(966,550)	92,229	109,574
In-kind contributions	427,835	62,152	-	21,860	-	511,847	-	511,847	546,806
Other income	640,368	21,397	-	-	-	661,765	(629,164)	32,601	33,963
Total revenue	12,809,285	11,122,762	994,862	21,860	1,217,948	26,166,717	(1,595,714)	24,571,003	$ 29,150,120
Expenses									
Program Services									
Health and Wellness	1,784,774	-	-	-	-	1,784,774	-	1,784,774	2,128,723
Housing	1,676,588	-	-	757,122	-	2,433,710	-	2,433,710	2,294,483
Life Skills & Employment	1,464,483	-	-	-	18,248	1,482,731	-	1,482,731	2,152,558
Education	1,328,594	8,940,513	2,817,490	-	-	13,086,597	(1,109,270)	11,977,327	9,570,473
Total program services	6,254,439	8,940,513	2,817,490	757,122	18,248	18,787,812	(1,109,270)	17,678,542	16,146,237
Supporting Services									
Management and General	2,209,034	518,736	-	-	-	2,727,770	(444,423)	2,283,347	2,127,362
Fundraising	861,908	42,021	-	-	-	903,929	(42,021)	861,908	784,481
Total supporting services	3,070,942	560,757	-	-	-	3,631,699	(486,444)	3,145,255	2,911,843
Total expenses	9,325,381	9,501,270	2,817,490	757,122	18,248	22,419,511	(1,595,714)	20,823,797	19,058,080
Change in net assets	3,483,904	1,621,492	(1,822,628)	(735,262)	1,199,700	3,747,206	-	3,747,206	10,092,040
Net assets, beginning of year	77,639,408	3,198,011	38,375,867	18,050	-	119,231,336	(42,394,991)	76,836,345	66,744,305
Contributed capital	-	-	13,073,933	946,194	100	14,020,227	(14,020,227)	-	-
Net assets, end of year	$ 81,123,312	$ 4,819,503	$ 49,627,172	$ 228,982	$ 1,199,800	$ 136,998,769	$ (56,415,218)	$ 80,583,551	$ 76,836,345

Note 1 - Purpose of Supplementary Schedules

Consolidated Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying consolidated schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Foundation under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Samueli Academy
Orangewood Foundation's consolidated financial statements include the operations of the Samueli Academy, a controlled entity, which expended $880,860 in federal awards which is not included in the Foundation's consolidated schedule of expenditures of federal awards for the year ended June 30, 2021. Our audit did not include the operations of the Samueli Academy, because those operations are included in the Samueli Academy's separately issued financial statements and schedule of expenditures of federal awards.

Indirect Cost Rate
The Foundation has not elected to use the ten percent de minimus cost rate.

Consolidating Statement of Financial Position and Consolidating Statement of Activities

The consolidating statement of financial position and consolidating statement of activities report the activities of the Foundation and related entities and are presented on the accrual basis of accounting. Eliminating entries in the consolidating statement of financial position and consolidating statement of activities are for activities between the Foundation and related entities.

Independent Auditor's Reports
June 30, 2021

Orangewood Foundation

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Orangewood Foundation
Santa Ana, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Orangewood Foundation (the Foundation), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
October 28, 2021

Independent Auditor's Report on Compliance for the Major Federal Program; Report and on Internal Control over Compliance Required by the Uniform Guidance

Governing Board
Orangewood Foundation
Santa Ana, California

Report on Compliance for the Major Federal Program
We have audited Orangewood Foundation's (the Foundation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended June 30, 2021. Orangewood Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Orangewood Foundation's consolidated financial statements include the operations of the Samueli Academy, a controlled entity, which expended $880,860 in federal awards which is not included in the Foundation's consolidated schedule of expenditures of federal awards for the year ended June 30, 2021. Our audit described below did not include the operations of the Samueli Academy, because those operations are included in the Samueli Academy's separately issued financial statements and schedule of expenditures of federal awards.

Management's Responsibility
Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for Orangewood Foundation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Orangewood Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Orangewood Foundation's compliance.

Opinion on the Major Federal Program
In our opinion, Orangewood Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance
Management of Orangewood Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Orangewood Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Orangewood Foundation's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
October 28, 2021

Schedule of Findings and Questioned Costs
June 30, 2021

Orangewood Foundation

CONSOLIDATED FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to consolidated financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number (ALN)
Chafee Foster Care Independence Program - Independent Living	93.674

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.