Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidated Financial Statements and Supplemental Material
Years Ended June 30, 2021 and 2020

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Contents

Description of Organization (Unaudited)

For over 50 years, the Los Angeles LGBT Center (the "Center") has been building the health, enriching the lives and advocating for the rights of lesbian, gay, bisexual and transgender ("LGBT") people. It was founded as an all-volunteer organization, offering counseling, shelter/support for homeless LGBT youth, senior citizens and a safe space for our community to gather.

McCadden Campus LLC ("Campus LLC") is a wholly owned subsidiary of the Center formed as a Delaware limited liability company on February 6, 2014. Campus LLC executed an Agreement of Limited Partnership with an affiliate of Thomas Safran and Associates, an affordable housing developer, to acquire real property and to build a mixed-use development named the Anita May Rosenstein Campus. See Note 21.

AMR Campus QALICB (Qualified Active Low Income Community Business), Inc. ("AMR QALICB"), is an affiliate nonprofit corporation of the Center and was created for the sole purpose of facilitating a New Markets Tax Credit ("NMTC") transaction in June 2017. Its purpose and responsibilities are limited to owning and developing the Anita May Rosenstein Campus, leasing the Center Component to the Center for its operations, and making debt service payments on its loans.

AMR QALICB was formed pursuant to the filing of those certain Articles of Incorporation with the California Secretary of State on February 2, 2017. On November 3, 2017, the Internal Revenue Service issued a letter determining that the AMR QALICB was exempt from federal income tax under Internal Revenue Code ("IRS") Section 501(c)(3).

The Los Angeles LGBT Center is building a world where LGBT people thrive as healthy, equal and complete members of society.

With total consolidated assets of $221.9 million, today's Center employs nearly 800 paid staff and has 1,034 volunteers in 10 locations across Los Angeles. The community is served at a rate of nearly 50,000 visits every month. The Center's clients are primarily low and moderate income, and virtually all programs are free or low cost. The Center's many services are tailored specifically for LGBTQ people and include: healthcare and medication with specialties in HIV/AIDS and transgender care and HIV prevention; counseling and addiction recovery; housing, food, education and employment training for youth experiencing homelessness; essential services and affordable housing for seniors; legal services; advocacy and policy work; cultural arts programs and more.

Information about the Los Angeles LGBT Center and its programs and services is available on the Web at www.lalgbtcenter.org.

Tel: 310-557-0300
Fax: 310-557-1777
www.bdo.com

515 Flower Street
47th Floor
Los Angeles, CA 90071

Independent Auditor's Report

Board of Directors
Los Angeles LGBT Center and Affiliates
Los Angeles, California

Opinion

We have audited the consolidated financial statements of the Los Angeles LGBT Center and Affiliates (the "Center"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Los Angeles LGBT Center and Affiliates as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the Center adopted Accounting Standard Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606") effective July 1, 2020 using a modified retrospective method. The reported results for the year ended June 30, 2021 reflect the application of ASC 606 guidance while the reported results for the year ended June 30, 2020 were prepared under the guidance of Accounting Standard Codification Topic 605, *Revenue Recognition* ("ASC 605"). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

Los Angeles, California
December 30, 2021

Consolidated Financial Statements

Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidated Statements of Financial Position

June 30,	2021	2020
Current assets		
Cash and cash equivalents	$ 46,892,992	$ 17,393,144
Restricted cash NMTC CDE's fee reserve	1,223,027	1,542,473
Accounts and other receivables	178,979	318,479
Clinic fees receivable, net	8,309,275	8,281,958
Contracts and grants receivable, net	6,740,810	8,476,549
Pledges receivable, net	779,121	761,561
Short-term investments	-	15,554,623
Inventories	1,143,460	1,035,104
Total current assets	65,267,664	53,363,891
Noncurrent assets		
Contributions receivable - held in trust	3,020,514	2,505,399
Beneficial interests in trusts	3,138,353	2,475,865
Receivable from affiliates	5,594,090	5,396,881
Leverage loan receivable	28,910,100	28,910,100
Pledges receivable, net	681,816	781,016
Long-term investments	20,905,741	1,674,863
Property and equipment, net	89,519,625	92,108,325
Other assets	4,912,249	4,296,355
Total noncurrent assets	156,682,488	138,148,804
Total assets	$ 221,950,152	$ 191,512,695
Current liabilities		
Accounts payable	$ 4,005,796	$ 2,962,460
Accrued expenses and other liabilities	9,798,843	8,453,641
Retainage	51,870	219,980
Unearned revenue	1,877,693	1,769,669
Interest payable	667,261	466,722
Current portion of annuities payable	240,233	183,333
Current portion of long-term debt	4,361	3,870
Total current liabilities	16,646,057	14,059,675
Noncurrent liabilities		
Annuities payable, net of current portion	1,108,706	914,721
Long-term debt, net of current portion	56,315,245	45,921,807
Total noncurrent liabilities	57,423,951	46,836,528
Total liabilities	74,070,008	60,896,203
Commitments and Contingencies (Note 16)		
Net assets		
Without donor restrictions	138,235,905	122,094,585
With donor restrictions	9,644,239	8,521,907
Total net assets	147,880,144	130,616,492
Total liabilities and net assets	$ 221,950,152	$ 191,512,695

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidated Statements of Activities and Changes in Net Assets

Year ended June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Public support and other revenue			
Public support:			
Special events revenue:			
Gross receipts	$ 2,405,213	$ 56,611	$ 2,461,824
Less costs of direct benefits to donors	-	-	-
Net special events revenue	2,405,213	56,611	2,461,824
Program fees	102,290,657	-	102,290,657
Grants	25,876,558	-	25,876,558
Contributions	10,719,410	663,299	11,382,709
Contributions - Capital Campaign	4,513,125	-	4,513,125
Contributed goods and services	433,548	-	433,548
Other operating revenue	162,757	-	162,757
Total public support and other revenue	146,401,268	719,910	147,121,178
Net assets released from restrictions:			
Satisfaction of program restrictions	697,477	(697,477)	-
Total public support and other revenue and net assets released from restrictions	147,098,745	22,433	147,121,178
Operating expenses			
Program services	128,213,256	-	128,213,256
Supporting services:			
General and administrative	2,137,243	-	2,137,243
Fund-raising	4,931,993	-	4,931,993
Total supporting services	7,069,236	-	7,069,236
Total operating expenses	135,282,492	-	135,282,492
Change in net assets before non-operating income/gains (losses) and other revenue	11,816,253	22,433	11,838,686
Non-operating income/gains (losses) and other revenue			
Investment income	3,845,336	-	3,845,336
Unrealized gain on trusts held by third parties	-	1,177,603	1,177,603
Change in value of split-interest agreements	-	(77,704)	(77,704)
Other nonoperating revenue	479,731	-	479,731
Total non-operating income/gains and other revenue	4,325,067	1,099,899	5,424,966
Change in net assets	16,141,320	1,122,332	17,263,652
Net assets, beginning of year	122,094,585	8,521,907	130,616,492
Net assets, end of year	$ 138,235,905	$ 9,644,239	$ 147,880,144

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidated Statements of Activities and Changes in Net Assets (Continued)

Year ended June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Public support and other revenue			
Public support:			
Special events revenue:			
Gross receipts	$ 5,381,825	$ 83,598	$ 5,465,423
Less costs of direct benefits to donors	(114,964)	-	(114,964)
Net special events revenue	5,266,861	83,598	5,350,459
Program fees	100,330,412	-	100,330,412
Grants	23,499,221	-	23,499,221
Contributions	6,979,331	696,085	7,675,416
Contributions - Capital Campaign	3,647,155	-	3,647,155
Contributed goods and services	542,770	-	542,770
Other operating revenue	402,883	-	402,883
Total public support and other revenue	140,668,633	779,683	141,448,316
Net assets released from restrictions:			
Satisfaction of program restrictions	1,440,128	(1,440,128)	-
Total public support and other revenue and net assets released from restrictions	142,108,761	(660,445)	141,448,316
Operating expenses			
Program services	127,146,106	-	127,146,106
Supporting services:			
General and administrative	3,172,651	-	3,172,651
Fund-raising	5,465,087	-	5,465,087
Total supporting services	8,637,738	-	8,637,738
Total operating expenses	135,783,844	-	135,783,844
Change in net assets before non-operating income/gains (losses) and other revenue	6,324,917	(660,445)	5,664,472
Non-operating income/gains (losses) and other revenue			
Net investment return	398,816	-	398,816
Unrealized loss on trusts held by third parties	-	(338,135)	(338,135)
Change in value of split-interest agreements	-	(104,072)	(104,072)
Other nonoperating revenue	313,733	-	313,733
Total non-operating income/gains (losses) and other revenue	712,549	(442,207)	270,342
Change in net assets	7,037,466	(1,102,652)	5,934,814
Net assets, beginning of year	115,057,119	9,624,559	124,681,678
Net assets, end of year	$ 122,094,585	$ 8,521,907	$ 130,616,492

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidated Statement of Functional Expenses

Year ended June 31, 2021	Program Services: Policy & Community Building	Cultural Arts & Education	Senior Services	Health Services	Legal Services	Public Affairs	Youth Services	Pride Pantry	Culinary Arts	Total Program Services	Supporting Services: General and Administrative	Fund-raising	Total Supportive Services	Total
Program Staff Salaries	$ 836,145	$ 549,820	$ 1,062,786	$ 24,091,123	$ 890,884	$ 842,030	$ 5,851,117	$ -	$ 439,219	$ 34,563,124	$ -	$ 2,226,731	$ 2,226,731	$ 36,789,855
Administration Salaries	156,413	433,782	205,367	1,081,986	51,236	120,527	903,398	54,232	127,841	3,134,782	5,262,358	465,763	5,728,121	8,862,903
Employee Benefits	133,450	215,938	259,069	4,235,889	161,135	144,281	1,544,758	14,334	124,624	6,833,478	751,628	360,878	1,112,506	7,945,984
Employer Taxes	76,049	80,175	105,054	1,976,445	76,576	75,110	579,244	4,562	45,969	3,019,184	366,859	200,362	567,221	3,586,405
Medical Supplies	-	-	-	56,160,835	-	-	1,767	-	-	56,162,602	-	-	-	56,162,602
Supplies	8,347	26,435	45,531	149,755	2,749	1,593	125,129	31,423	116,058	507,020	92,675	12,778	105,453	612,473
Facilities, Repairs and Maintenance	70,823	37,345	26,078	1,092,345	5,045	2,011	80,701	4,478	10,922	1,329,748	74,149	40,813	114,962	1,444,710
Telephone and Utilities	10,503	43,088	30,687	327,105	14,593	4,997	170,084	10,145	20,688	631,890	524,701	22,064	546,765	1,178,655
Advertising, Printing and Postage	569	57	70,851	505,191	4,994	64,766	17,842	10	4,521	668,801	222,502	172,356	394,858	1,063,659
Insurance	1,649	10,895	8,893	29,269	18,658	883	30,859	1,955	4,276	107,337	510,661	3,522	514,183	621,520
Travel	1,823	223	1,158	1,471	167	59	1,180	48	100	6,229	1,642	922	2,564	8,793
Professional Fees and Contracted Services	366,726	13,602	46,177	2,367,738	13,316	74,762	252,459	1	13,199	3,147,980	860,763	359,662	1,220,425	4,368,405
Event Expenses	20,241	17,002	54,290	543,235	3,068	106,038	17,387	-	-	761,261	1,019	87,460	88,479	849,740
Equipment Lease and Repair	11,059	31,174	42,290	876,300	18,785	56,628	124,902	5,442	26,532	1,193,112	667,699	71,959	739,658	1,932,770
Client Services	-	-	257,109	600,528	3,609	-	1,330,262	92,779	-	2,284,287	-	-	-	2,284,287
Lab Testing	-	-	-	1,030,321	-	-	-	-	-	1,030,321	-	-	-	1,030,321
Taxes and Licenses	919	6,078	3,643	31,177	9,228	502	20,055	1,117	2,434	75,153	24,116	6,992	31,108	106,261
Educational Materials	-	-	-	30,019	450	-	25,198	-	13,475	69,142	-	-	-	69,142
Staff and Board Development	64,724	1,500	7,237	253,663	7,170	9,013	29,880	116	1,182	374,485	147,952	44,124	192,076	566,561
Interest Expense	23	151	123	405	41	12	427	27	59	1,268	564,268	49	564,317	565,585
Miscellaneous	46,664	3,450	-	50,022	-	-	42,131	-	-	142,267	458,817	191	459,008	601,275
Contributed Goods and Services	50,167	-	13,799	319,128	29,239	88	8,697	-	-	421,118	4,746	7,684	12,430	433,548
Bank, Payroll and Investment Fees	-	-	-	2,085	3	-	-	-	4,049	6,137	659,171	114,423	773,594	779,731
Depreciation and amortization	16,476	126,674	227,395	840,902	40,970	34,408	1,057,210	76,636	140,653	2,561,324	767,782	88,201	855,983	3,417,307
Total expenses	1,872,770	1,597,389	2,467,537	96,596,937	1,351,916	1,537,708	12,214,687	297,305	1,095,801	119,032,050	11,963,508	4,286,934	16,250,442	135,282,492
Allocated General and Administraive	233,098	155,845	292,597	6,251,371	236,444	239,012	1,604,659	-	168,180	9,181,206	(9,826,265)	645,059	(9,181,206)	-
Total expense by function	2,105,868	1,753,234	2,760,134	102,848,308	1,588,360	1,776,720	13,819,346	297,305	1,263,981	128,213,256	2,137,243	4,931,993	7,069,236	135,282,492
Less expenses included with revenues on the statement of activities														
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses included in the expense section on the statement of activities	$ 2,105,868	$ 1,753,234	$ 2,760,134	$ 102,848,308	$ 1,588,360	$ 1,776,720	$ 13,819,346	$ 297,305	$ 1,263,981	$ 128,213,256	$ 2,137,243	$ 4,931,993	$ 7,069,236	$ 135,282,492

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidated Statement of Functional Expenses

	Program Services									Supporting Services			
Year ended June 30, 2020	Policy & Community Building	Cultural Arts & Education	Senior Services	Health Services	Legal Services	Public Affairs	Youth Services	Culinary Arts	Total Program Services	General and Administrative	Fund-raising	Total Supportive Services	Total
Program Staff Salaries	$ 971,911	$ 628,080	$ 842,966	$ 23,188,090	$ 814,963	$ 788,002	$ 5,544,030	$ 305,151	$ 33,083,193	$ -	$ 2,249,340	$ 2,249,340	$ 35,332,533
Administration Salaries	190,588	468,654	235,389	1,083,881	33,573	174,872	923,123	157,151	3,267,231	4,989,079	457,260	5,446,339	8,713,570
Employee Benefits	162,751	210,072	209,150	4,096,089	129,683	146,715	1,587,999	96,719	6,639,178	612,534	385,609	998,143	7,637,321
Employer Taxes	90,588	95,368	89,589	1,948,719	70,330	73,968	564,928	36,499	2,969,989	356,323	209,567	565,890	3,535,879
Medical Supplies	-	-	-	56,176,321	-	-	2,731	-	56,179,052	-	-	-	56,179,052
Supplies	8,093	32,362	39,105	209,917	3,669	5,433	174,666	75,741	548,986	175,121	20,294	195,415	744,401
Facilities, Repairs and Maintenance	70,282	44,074	39,061	1,027,689	51,292	3,424	126,816	15,958	1,378,596	96,378	44,965	141,343	1,519,939
Telephone and Utilities	12,274	55,766	31,734	304,050	9,503	4,825	169,928	22,170	610,250	518,620	21,647	540,267	1,150,517
Advertising, Printing and Postage	1,757	2,052	49,687	268,844	4,263	177,991	33,933	294	538,821	211,181	222,372	433,553	972,374
Insurance	1,459	11,393	7,766	25,945	11,810	781	27,300	3,794	90,248	387,864	3,127	390,991	481,239
Travel	79,373	400	3,487	60,071	6,721	870	42,150	109	193,181	30,355	50,933	81,288	274,469
Professional Fees and Contracted Services	326,496	7,314	40,262	2,152,489	39,525	145,431	118,307	13,616	2,843,440	844,637	269,181	1,113,818	3,957,258
Event Expenses	907,250	99,225	34,960	527,295	216	132,923	138,862	1,701	1,842,432	4,206	563,917	568,123	2,410,555
Equipment Lease and Repair	7,260	39,044	15,089	948,871	9,053	35,690	106,150	25,870	1,187,027	520,416	91,582	611,998	1,799,025
Client Services	14,802	663	122,705	1,135,206	7,152	-	1,184,463	-	2,464,991	-	35	35	2,465,026
Lab Testing	-	-	-	1,189,019	-	-	-	-	1,189,019	-	-	-	1,189,019
Taxes and Licenses	891	9,813	9,743	23,109	3,309	1,457	46,350	6,064	100,736	-	4,038	4,038	104,774
Educational Materials	-	-	-	64,435	-	-	482	38,307	103,224	-	-	-	103,224
Staff and Board Development	29,114	1,346	4,787	205,388	5,330	10,335	26,931	1,075	284,306	188,173	121,460	309,633	593,939
Interest Expense	100	783	534	1,784	182	54	1,877	261	5,575	561,997	215	562,212	567,787
Miscellaneous	58,258	-	-	82,695	-	33	74,539	-	215,525	1,360,693	-	1,360,693	1,576,218
Contributed Goods and Services	24,456	-	24,321	322,327	34,391	3,900	70,318	20,094	499,807	13,520	29,443	42,963	542,770
Bank, Payroll and Investment Fees	-	-	-	-	-	-	-	-	-	570,518	131,875	702,393	702,393
Depreciation and amortization	17,364	202,981	214,261	919,854	19,084	32,401	989,547	133,492	2,528,984	731,560	84,982	816,542	3,345,526
Total Expenses	2,975,067	1,909,390	2,014,596	95,962,088	1,254,049	1,739,105	11,955,430	954,066	118,763,791	12,173,175	4,961,842	17,135,017	135,898,808
Allocated General and Administraive	262,254	161,201	224,185	5,722,791	201,879	225,646	1,468,801	115,558	8,382,315	(9,000,524)	618,209	(8,382,315)	-
Total expense by function	3,237,321	2,070,591	2,238,781	101,684,879	1,455,928	1,964,751	13,424,231	1,069,624	127,146,106	3,172,651	5,580,051	8,752,702	135,898,808
Less expenses included with revenues on the statement of activities													
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	-	(114,964)	(114,964)	(114,964)
Total expenses included in the expense section on the statement of activities	$ 3,237,321	$ 2,070,591	$ 2,238,781	$ 101,684,879	$ 1,455,928	$ 1,964,751	$ 13,424,231	$ 1,069,624	$ 127,146,106	$ 3,172,651	$ 5,465,087	$ 8,637,738	$ 135,783,844

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidated Statements of Cash Flows

Increase (Decrease) in Cash

Years ended June 30,	**2021**	2020
Cash flows from operating activities		
Change in net assets	**$ 17,263,652**	$ 5,934,814
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**3,417,307**	3,345,526
Allowance for bad debt	**659,755**	1,259,857
Realized investment (gain) loss	**(3,169,257)**	1,018,764
Unrealized investment (gain) loss	**(384,756)**	(959,515)
Change in donor restricted split-interest agreements and trusts	**(1,177,603)**	285,031
Contributions revenue restricted for capital campaign	**(4,491,110)**	(3,667,897)
Changes in operating assets and liabilities:		
Accounts and other receivables	**(89,784)**	(250,315)
Receivable from affiliates	**(84,637)**	436,670
Clinic fees receivable, net	**(61,742)**	(989,952)
Contracts and grants receivable, net	**1,368,240**	(1,056,071)
Pledges receivable, net	**(59,479)**	898,391
Inventories	**(108,356)**	(56,600)
Other assets	**(615,894)**	(634,921)
Accounts payable	**1,043,336**	(4,301,729)
Accrued expenses and other liabilities	**1,345,202**	325,690
Retainage	**(168,110)**	(2,252,165)
Unearned revenue	**108,024**	551,728
Interest payable	**200,539**	197,207
Annuities payable	**250,885**	(83,120)
Net cash provided by operating activities	**15,246,212**	1,393
Cash flows from investing activities		
Purchase of property and equipment	**(781,762)**	(7,925,568)
Purchase of investments	**(14,047,960)**	(9,896,343)
Proceeds from sale of investments	**13,954,661**	9,787,859
Interest income reinvested	**(28,943)**	(235,653)
Net cash used in investing activities	**(904,004)**	(8,269,705)
Cash flows from financing activities		
Cash received from capital campaign contributions	**4,491,110**	3,667,897
Proceeds from notes payable	**10,350,954**	-
Repayments of notes payable and capital lease obligations	**(3,870)**	(25,163)
Net cash provided by financing activities	**14,838,194**	3,642,734
Net Increase (Decrease) in cash and cash equivalents and restricted cash	**29,180,402**	(4,625,578)
Cash and cash equivalents and restricted cash, beginning of year	**18,935,617**	23,561,195
Cash and cash equivalents and restricted cash, end of year	**$ 48,116,019**	$ 18,935,617
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	**$ 565,585**	$ 567,787
Noncash investing and financing activities		
Capitalized development costs remaining in payables	**$ -**	$ 219,980

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

1. Organization

The Los Angeles LGBT Center (the “Center”) is a nonprofit California corporation formed for the purpose of serving the lesbian, gay, bisexual and transgender communities. The Center is building a world where LGBT people thrive as healthy, equal and complete members of society.

McCadden Campus LLC (“Campus LLC”) is a wholly owned subsidiary of the Center formed as a Delaware limited liability company on February 6, 2014. Campus LLC executed an Agreement of Limited Partnership with an affiliate of Thomas Safran and Associates, an affordable housing developer, to acquire real property and to build a mixed-use development named the Anita May Rosenstein (AMR) Campus. See Note 21.

AMR Campus QALICB, Inc. (“AMR QALICB”), is an affiliate nonprofit corporation of the Center and was created for the sole purpose of facilitating a New Markets Tax Credit (“NMTC”) transaction in June 2017. Its purpose and responsibilities are limited to owning and developing the Anita May Rosenstein Campus, leasing the Center Component to the Center for its operations, and making debt service payments on its loans.

AMR QALICB was formed pursuant to the filing of those certain Articles of Incorporation with the California Secretary of State on February 2, 2017. On November 3, 2017, the Internal Revenue Service issued a letter determining that the AMR QALICB was exempt from federal income tax under IRC Section 501(c)(3). See Note 22.

AMR QALICB maintains separate financial statements apart from the Center and Campus LLC. AMR QALICB’s assets and liabilities are not available to satisfy the debts and other obligations of the Center, Campus LLC or any other entity.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19” outbreak or “pandemic”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Center’s financial condition, liquidity, and future results of operations.

The Center responded aggressively to address COVID-19 and impacts to operations. On March 19, 2020, the Center directed as many staff to work from home (“WFH”) as possible. That resulted in approximately two-thirds of the Center’s staff to WFH. For health services, the Center was able to quickly pivot to move to telehealth visits for the clinic and mental health services. Telehealth visits have been widely accepted, and the no-show rate for patients has actually improved.

Our Youth Drop-in Center has been significantly modified, and we worked with our funding agencies to minimize the potential impact the six-feet safe distance rule could have on our Emergency Overnight Bed program and Transitional Living Program, which drove occupancy reductions by 50%. Also, we've had to radically modify our Seniors program. We had to close on site services and are now distributing meals on a takeout basis and developed a more robust outreach program for those clients.

COVID-19 has also had an impact on our fundraising events. We were forced to cancel our single largest fundraising event, AIDS/LifeCycle, both for fiscal year 2020 and fiscal year 2021. In addition, Simply DiVine and the Anniversary Vanguard Awards were canceled. However, we did initiate our first ever Telethon which was hugely successful in fiscal year 2020 and continued in fiscal year 2021.

In March and April of 2020, The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and other legislation was enacted in response to the global health emergency. Consequently, the Center received six Department of Health and Human Services COVID related grants, of which four were for the Health Services Program and two were for the Youth Transitional Living Program. On June 18, 2021, the Center received loan proceeds in the amount of $10,000,000 under the Paycheck Protection Program ("PPP") (see Note 13). The income tax effect of the CARES Act is expected to be immaterial to the consolidated financial statements. The Center will continue to assess the income tax effect of the CARES Act and ongoing government guidance related to COVID-19 that may be issued.

Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce and will continue to respond as needed.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Consolidation

The consolidated financial statements include the accounts of the Center, Campus LLC, and AMR QALICB. All significant inter-company accounts and transactions have been eliminated in consolidation.

Basis of Presentation

Net assets and changes therein are classified and reported as follows:

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

- *Net assets without donor restrictions* - Net assets that are not subject to donor-imposed stipulations that limit the use of the donated assets and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center's management and the Board of Directors and are comprised of undesignated amounts.

- *Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that restrict the use of the donated assets. The restrictions are satisfied either by actions of the Center and/or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. Net assets with donor restrictions that include a stipulation that the amounts contributed be permanently invested in perpetuity provide investment income for general support of Center's programs and operations.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on deposit with banks and investments with original maturities of three months or less. The Center places its temporary cash investments with high credit quality financial institutions. At times cash and cash equivalents may be in excess of the Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC") insurance limits. The Center has not experienced any losses related to these balances. All noninterest-bearing and interest-bearing cash balances held in the same ownership category are aggregated and were insured up to at least $250,000 per depositor at each financial institution at June 30, 2021.

AMR QALICB, whose financials are consolidated with the Center's, is required to keep unspent proceeds from a NMTC transaction (see Note 22) in segregated cash accounts to pay for construction costs of the Anita May Rosenstein Campus (see Note 21) and to pay for ongoing costs of the NMTC transaction. These amounts are classified as restricted cash on the accompanying Consolidated Statements of Financial Position.

Clinic Fees Receivable, Net

Clinic fees receivable represent balances due to the Center for services provided to clients prior to and including June 30, 2021. Payer types include clients, Medi-Cal, Medicare, AIDS Drug Assistance Program, commercial insurance and other public payers. Management provides for probable uncollectible amounts through an allowance based on current status of client accounts. Receivables are written off if collection efforts prove unsuccessful or when management becomes aware of other circumstances that indicate uncollectibility.

Contracts and Grants Receivable, Net

Contracts and grants receivable represent program expenditures incurred by the Center, which have not yet been reimbursed under the terms of the grant agreements. These receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through provisions for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Receivables are written off if collection efforts prove unsuccessful, or when management becomes aware of other circumstances that indicate uncollectibility.

Pledges Receivable, Net

Pledges receivable represent individual and foundation pledges that have been made to the Center's Capital Campaign for the Anita May Rosenstein Campus (see Note 21) for general operations and AIDS LifeCycle. Management provides for probable uncollectible amounts through an allowance based on the current status of individual or foundation pledges.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory costs are determined on the first-in, first-out ("FIFO") method. Inventories consist of pharmacy drugs.

Split-Interest Agreements

The Center has been designated as the beneficiary for irrevocable split-interest agreements, including charitable remainder trusts and charitable gift annuities. The annuity agreements generally require the Center to make quarterly fixed payments to other beneficiaries for a specified period of time.

The Center is required by the State of California Department of Insurance to maintain minimum reserves related to these annuities. For annuities issued between January 1, 1992 and December 31, 2004, the minimum reserve basis is the a-1983 Table at an interest rate of 6.0%. Effective January 1, 2005, the minimum reserve basis for annuities issued on or after this date is the Annuity 2000 Mortality Table at an interest rate of 4.5%. Annuities payable at June 30, 2021 and 2020 were calculated based on the Annuity 2000 Mortality Table. At June 30, 2021 and 2020, annuities payable were $1,348,939 and $1,098,054, respectively.

The contributed assets of $3,291,290 and $2,491,290 at June 30, 2021 and 2020, respectively, are recorded at fair value and a corresponding liability has been recorded to reflect the present value of required lifetime payments. The portion of the contributed assets, which represents future annuity payments, is classified in cash and cash equivalents and investments.

The Center is also the beneficiary of assets held in charitable remainder trusts administered by other trustees. These trusts are recorded at the present value of the remainder interest held by the trustee.

The Center uses an interest rate commensurate with the risks involved to discount the charitable remainder trusts. The discount rates for the years ended June 30, 2021 and 2020 are 1.2% and 0.6%, respectively.

Investments

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-320, *Investments-Debt and Equity Securities*, the Center accounts for its investments in equity securities with readily determinable fair values and all investments in debt securities at fair value on the Consolidated Statements of Financial Position. The Center records realized and unrealized gains and losses on investments in the Consolidated Statements of Activities and Changes in Net Assets as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations and is then recorded as net assets with donor restrictions.

Fair Value Measurements

The Center follows ASC 820, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value under U.S. GAAP and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants.

ASC 820 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Center for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities that the Center has the ability to access as of the measurement date.

Level 2 — Inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, restricted cash, accounts receivable, clinic receivables, contract and grant receivables, inventories, other receivables, accounts payable, accrued expenses and other liabilities approximate fair value because of their short maturity.

Pledges are carried at fair value. The fair value of pledges that are expected to be paid in less than one year are measured at net realizable value and all other pledges are recorded at the present value of estimated future cash flows. Pledges to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved, 2.25% and 2.53%, which is 12-month LIBOR rate plus 2%, as of both June 30, 2021 and 2020, respectively. Amortization of discounts is recorded as contribution revenue annually in accordance with donor-imposed restrictions, if any, on the pledges.

Investments are carried at fair value.

Rates currently available to the Center for debt with similar terms and remaining maturities are used to estimate the fair value of the existing long-term debt and line of credit. The carrying amount of the long-term debt and line of credit approximate the estimated fair value.

Property and Equipment

Property and equipment are recorded at cost if purchased, or if donated, at fair value at the date of donation. Property and equipment acquired with government grant funds are considered to be owned by the Center while used in the program or in future authorized programs. However, the granting agency has a reversionary interest in the property, as well as the right to determine the use of any proceeds from the sale of the assets. Management expects to have continuous use of such property and equipment throughout their useful lives. The estimated useful lives by classification are as follows:

Buildings and improvements	3-40 years
Furniture, fixtures and equipment	3-12 years
Computers and software	3-5 years

For assets acquired outside of the construction of the Anita May Rosenstein Campus buildings, which are all capitalized, the Center will capitalize those assets over $5,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the term of the lease or estimated useful life, whichever is shorter. Depreciation and amortization expense includes the depreciation of assets acquired under capital leases.

Repairs and maintenance are charged to expense when incurred.

Impairment of Long-Lived Assets

The Center reviews property and equipment for impairment whenever events or changes in circumstances indicate the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. During 2021 and 2020, there were no events or changes in circumstances indicating that the carrying amount of property and equipment may not be recoverable and no impairments were recorded.

Unearned Revenue

Unearned revenue represents a conditional grant or other funds received for services to be performed by the Center, which have not yet been provided under the terms of the agreements. The Center recognizes these amounts as public support and other revenue when such services have been performed or the condition has been met and/or funds expended. Unearned revenue at June 30, 2021 consisted primarily of $419,499 related to grants, $150,000 related to events and $1,308,194 related to conditional donations. Unearned revenue at June 30, 2020 consisted primarily of $360,599 related to grants, $65,000 related to events and $1,344,070 related to conditional donations.

Contributions

Unconditional promises to give are recognized as contributions when received at the net present value of the amounts expected to be collected. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give expected to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved, 2.25%, which is 12-month LIBOR rate plus 2.00%. Amortization of discounts is recorded as additional contributions annually in accordance with donor-imposed restrictions, if any. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restricted support that increases those net asset classes.

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, shall be recognized when the conditions on which they depend are substantially met. Statements of intent are recognized as revenue when the amounts are collected.

With donor restricted contributions, where the restrictions are satisfied in the same year as the contribution is received, are reported as increases in net assets without donor restrictions.

Special Events

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. Special events revenue includes silent auction proceeds, ticket sales, event pledges, raffle income, merchandise revenue and sponsorships.

Contributed Goods and Services

The value of significant contributed goods is reflected as contributed goods and services in the consolidated financial statements at the fair value of such goods at the date of donation. There were contributed goods of $7,684 and $29,443 for the years ended June 30, 2021 and 2020, respectively. Contributed services are recognized by the Center if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The fair value of such services, which consisted primarily of legal and mental health and medical services, totaled $425,864 and $513,327 for the years ended June 30, 2021 and 2020, respectively, and is included in contributed goods and services in the accompanying consolidated financial statements.

A significant number of volunteers contribute services to the Center that do not meet the criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying consolidated financial statements. The value of such volunteer services received is $206,285 and $286,104 for the years ended June 30, 2021 and 2020, respectively.

Program Fees

Program fees are reported at the estimated net realizable amounts from clients, third-party payers and others for services rendered.

Revenue from program fees represents revenue earned under contract with public and private insurance carriers in which the Center bills and collects for medical, mental health, pharmacy, and other support services, and from fee agreements with clients based on the Center's sliding fee scale rendered directly to clients. These services are distinct as the client can benefit from the individual services on their own and they do not need to be bundled with any other goods or services. The performance obligation is satisfied at the point in time when the services are provided, and no contract assets or liabilities are recognized since the client accepts and receives the benefit of the services at the time they are performed.

Revenue from program fees is recorded net of any allowance for contractual adjustments or lack of client payment using the output method, which represents the net revenue expected to be collected from third-party payers, including private and public insurance carriers (such as Medicare and Medicaid/Medi-Cal), and clients. These expected payments are based on fees and negotiated payment rates in the case of private third-party payers, the specific benefits provided for under an individual client's health plan, the sliding scale fee for cash paying clients, the Prospective Payment System (PPS) rate for FQHC's in the Medicare program, a negotiated FQHC PPS rate for the Medi-Cal program, and historical cash collections.

The transaction price from program fees arrangements is variable because fees are based on client encounters and reimbursement of provider costs, all of which can vary from period to period. The Center estimates the transaction price using the most likely method and amounts are only included in the net transaction price to the extent that it is probably that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved. As a practical expedient, the Center used a portfolio approach based on the types of services provided and payer type to determine the transaction price for the services provided under program service fee arrangements.

The Center periodically assesses the net transaction price by analyzing actual results, including cash collections, against estimates. Significant changes in payer mix, contractual arrangements with payers, general economic conditions, and health care coverage provided by public and private insurance carriers may have a significant impact on estimates and affect the results of activities and cash flows.

Grants

The Center recognizes grant revenue from all contracts to the extent eligible costs are incurred or services are performed up to an amount not to exceed the total contract authorized. Amounts incurred but not yet reimbursed are reported as Contracts and Grants Receivable (see Note 7). The revenue generated from these contracts meets the criteria to be classified as conditional contributions under GAAP revenue recognition as they contain barriers related to the incurrence of qualifying expenditures and a right of return or release.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying Consolidated Statements of Activities and Changes in Net Assets and detailed in the Consolidated Statements of Functional Expenses. The Consolidated Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain expenses have been allocated among the programs based on management's estimates.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, and 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 Center is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

The Center has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to the Center's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. For the years ended June 30, 2021 and 2020, there were no interest or penalties recorded or included in the Consolidated Statements of Activities and Changes in Net Assets related to taxes.

The tax year ended June 30, 2018 and subsequent years remain open to examination by the taxing jurisdictions to which the Center is subject, and they have not been extended beyond the applicable statute of limitations. No examinations are currently in process.

Non-Operating Income Allocated to Operations

Contributions, except for split-interest agreements and perpetual trusts held by third parties, are reported as operating increases in the appropriate category of net assets. The Board of Directors has designated that split-interest agreements and perpetual trusts held by third parties are not generally available for use in operations; therefore, changes in value are recognized as non-operating activities in the appropriate category of net assets. Investment return, net, including realized and unrealized gains and losses, in excess of amounts utilized in operations, is accounted for as an increase or decrease in non-operating activities. It is classified as net assets without donor restrictions unless its use is restricted by explicit donor stipulations or by law. Other non-operating income includes interest income and expense from various loans held by the Center.

Allocation of Joint Costs

Under U.S. GAAP, entities are required to report the costs of all materials and activities that include a fundraising appeal as fundraising costs, unless certain specific conditions are met, in which case the joint costs may be allocated between fundraising, program, and general and administrative expenses. The Center evaluates all programs that include fundraising to determine which programs would meet the requirements for allocation of costs.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses, including allocations to various program costs, during the reporting period. Actual results may differ from those estimates.

Certain judgments and estimates are considered in determining useful lives and pledge, clinic, and grant allowances, including prior collection history, types of contributions, nature of contributions, the discount rate reflecting the risk inherent in future cash flows, the interpretation of current economic indicators and ability of donors to fulfill their future obligation. Actual results may differ from these judgments and estimates and could have a material adverse effect on the Center's financial condition or operating results.

Endowments

The Center is currently in the process of establishing a permanent endowment to be known as the Gil Garfield Fund for the Creative and Performing Arts that will exclusively support programming for the creative and performing arts at the Center. As of June 30, 2021, total contributions received are approximately $2 million and are recorded as net assets with donor restrictions.

Return Objectives and Risk Parameters

The investment objectives for the management of Center's investment portfolio are to produce current income to support the programs of the Center, and to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets, thus protecting the assets against inflation.

Recently Adopted Accounting Pronouncements

During the year ended June 30, 2020, the Center adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ("ASU 2018-08"). The purpose of ASU 2018-08 is to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Center adopted ASU 2018-08 effective July 1, 2019. Adoption of ASU 2018-08 did not have a material impact on the Center's consolidated financial statements.

During the year ended June 30, 2020, the Center adopted FASB ASU 2016-15, *Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments*, ("ASU 2016-15"). ASU 2016-15 was issued to clarify whether the following items should be classified as operating, investing or financing in the statement of cash flows: (i) debt prepayments and extinguishment costs, (ii) settlement of zero-coupon debt, (iii) settlement of contingent consideration, (iv) insurance proceeds, (v) settlement of bank owned life insurance policies, (vi) distributions from equity method investees, (vii) beneficial interests in securitization transactions, and (viii) receipts and payments with aspects of more than one class of cash flows. Adoption of ASU 2016-15 did not have a material impact on the Center's consolidated financial statements.

During the year ended June 30, 2021, the Center adopted the provisions of Accounting Standards Update (ASU) No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers* (commonly referred to as Accounting Standards Codification Topic 606 (ASC 606)), issued by FASB. The pronouncement was issued to clarify the principles for recognizing revenue and the core principle of the guidance is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

Step 1: Identify the contract with the customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the Entity satisfies a performance obligation

The Center adopted the requirements of ASC 606 using the modified retrospective method applied only to contracts that were not completed at the date of the initial application. The adoption of ASC 606 had no material impact on the Center's financial statements and, as such, has not recorded a cumulative transition adjustment as of July 1, 2020.

Accounting Pronouncements Issued But Not Yet Adopted

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments–Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*. The update improves how entities account for equity investments, present and disclose financial instruments, and measure the valuation allowance on deferred tax assets related to available-for-sale debt securities. The original effective date for this update would have required the Center to adopt the update in fiscal year 2019. In November 2018, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses*, which deferred the effective date until the Center's fiscal year 2023. Management continues to evaluate the potential impact of this update.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This update, along with ASU 2018-10, *Codification Improvements to Topic 842: Leases,* ASU 2018-11, *Leases (Topic 842): Targeted Improvements* and ASU 2018-20, *Leases (Topic 842): Narrow-Scope Improvements for Lessors*, establishes a comprehensive leasing standard. These updates require the recognition of lease assets and lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The guidance also expands the required quantitative and qualitative lease disclosures as well as provides entities with an additional (and optional) transition method to adopt the new standard. In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, that provided an option to defer the effective date for the Center until annual periods beginning after December 15, 2021 with early adoption permitted. The Center is currently evaluating the effect the provisions of this ASU will have on the consolidated financial statements.

Reclassifications

Certain amounts in the 2020 consolidated financial statements have been reclassified to conform with the current year financial statement presentation.

3. Clinic Fees Receivable

Clinic fees receivable, which are due within one year, are as follows:

June 30,	**2021**	2020
Medi-Cal	**$ 3,372,868**	$ 3,051,361
Other	**2,758,218**	3,047,446
AIDS Drug Assistance Program (ADAP)	**1,743,101**	1,968,594
Enrollment fees	**230,190**	223,130
Medicare	**230,141**	35,966
Commercial insurance	**184,103**	127,221
Client fees	**9,578**	12,739
Less: allowance for uncollectible clinic fees receivable	**(218,924)**	(184,499)
	$ 8,309,275	$ 8,281,958

4. Pledges Receivable

Pledges receivable, are as follows:

June 30,	**2021**	2020
Pledges receivable	**$ 1,658,033**	$ 1,756,810
Less: unamortized discount	**(60,186)**	(87,201)
Less: allowance for uncollectible pledges	**(136,910)**	(127,032)
Net pledges receivable	**$ 1,460,937**	$ 1,542,577

Gross pledges receivable, are due as follows:

June 30,	**2021**	2020
Less than one year	**$ 916,031**	$ 888,593
One to five years	**542,002**	568,217
More than five years	**200,000**	300,000
Pledges receivable	**$ 1,658,033**	$ 1,756,810

In May 2014, the Center publicly announced a $25,000,000 Capital Campaign (“Capital Campaign”) to acquire, develop and construct a new site for Center services and housing for LGBT seniors and youth, the Center’s administrative headquarters and retail space on property adjacent to the Center’s Village at Ed Gould Plaza. This new site was named the Anita May Rosenstein Campus. Early gifts to the Capital Campaign exceeded expectations, and in 2016, the Center’s Board of Directors increased the goal to $40,000,000 in two phases: $25,000,000 in Phase 1 and $15,000,000 in Phase 2. In the subsequent two years, construction costs in Los Angeles dramatically escalated and millions of dollars in unexpected costs were imposed on the project by the local and state government for improvements such as upgrading the area’s power grid and a bike lane on the portion of Santa Monica Boulevard fronting the Campus. In response, a new milestone was set for the Capital Campaign to exceed $50,000,000. The Center closed the Capital Campaign on June 30, 2019 with approximately $65,000,000 raised, including $9,500,000 from a New Markets Tax Credit transaction (see Note 22), the largest Capital Campaign in the LGBT community’s history.

During the year ended June 30, 2021, total cash collected related to the Capital Campaign was $4,491,110. For the year ended June 30, 2021, the Center recognized $4,511,139 as revenue, including an unamortized discount of $58,972. As of June 30, 2021, the Center had signed Statements of Intent in the amount of $8,083,837 remaining related to the Capital Campaign, which are not recognized as a receivable or revenue until received as they are not legally binding promises to give. During the year ended June 30, 2020, total cash collected related to the Capital Campaign was $3,667,897. For the year ended June 30, 2020, the Center recognized $3,647,155 as revenue, including an unamortized discount of $84,002. As of June 30, 2020, the Center had signed Statements of Intent in the amount of $13,506,311 related to the Capital Campaign, which are not recognized as a receivable or revenue until received.

5. Contributions Receivable – Held in Trust and Beneficial Interest in Trusts

Contributions receivable held in trust at June 30, 2021 and 2020 were $3,020,514 and $2,505,399, respectively. The contributions received during the year are measured at fair value of the underlying assets in the accompanying consolidated financial statements at the time of gift. There were no new contributions held in trust received during the years ended June 30, 2021 and 2020. Subsequent changes in the value of the underlying assets are recorded in the accompanying Consolidated Statements of Activities and Changes in Net Assets as a component of non-operating income/gains (losses) and other revenue. Under the trust, income is distributed to the Center each year and is treated as net assets with donor restrictions for youth-oriented programs. Total income distribution for the years ended June 30, 2021 and 2020 was $100,000 and $100,000, respectively. Principal of the trust is distributed to the Center either based on a predetermined schedule or at the discretion of the trustees. There were no trust principal payments received by the Center during the years ended June 30, 2021 and 2020.

The Center is a beneficiary of irrevocable charitable remainder trusts held and administered by third-party trustees; the significant ones are noted below.

On November 9, 2010, the Center was named an irrevocable 89% beneficiary of a charitable remainder trust consisting of a four-unit apartment building in Los Angeles, California. On June 30, 2021, an independent appraisal was obtained to determine the fair market value. This amount is classified as net assets with donor restrictions. At June 30, 2021 and 2020, the charitable remainder trust was adjusted to its estimated fair value of $1,621,058 and $1,411,783, respectively, and the change in fair value was classified as unrealized gain on the Consolidated Statements of Activities and Changes in Net Assets.

On December 17, 1993, the Center was named as 100% beneficiary of a charitable remainder trust holding a California limited liability company (“LLC”). The LLC owned a one-third interest in a shopping center and restaurant site in Montclair, California. On November 14, 2003, the benefactor amended the charitable remainder trust to name the Center as irrevocable beneficiary in exchange for the establishment of a permanent endowment fund in his honor upon death. The benefactor passed away and the LLC’s portion in the shopping center and restaurant site were sold and the Center received proceeds of $1,692,138 for their interest. The Center did not recognize a gain on the sale, as the cash proceeds approximated fair value. At June 30, 2021, an endowment fund has not yet been created and the Center is in the process of creating the endowment fund in accordance with the agreement. Funds received are classified as net assets with donor restrictions and total approximately $2 million.

Beneficial interests in trusts at June 30, 2021 and 2020 were $3,138,353 and $2,475,865, respectively.

6. Leverage Loan Receivable

In June 2017, as part of the NMTC transaction executed (see Note 22), the Center committed to lend $28,910,100 to AMR Campus Investment Fund, LLC, which is an unconsolidated related party.

The leverage loan receivable accrues interest at a fixed rate, with interest-only payable quarterly at a rate of 1.00% over the first seven years and quarterly principal and interest (1.00%) payments are then required through 2041.

The leverage loan receivable at June 30, 2021 and 2020, is as follows:

June 30,	**2021**	2020
AMR Campus Investment Fund, LLC with interest accruing at an annual rate of 1%; 1% interest-only quarterly payments are due through June 15, 2024, and then principal and interest payments of $462,839 are due quarterly through maturity in June 23, 2041.	**$ 28,910,100**	$ 28,910,100

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7. Contracts and Grants Receivable

Receivables expected to be collected within one year under the following contracts and grant awards are:

June 30,	2021	2020
Alliance for Housing and Healing	**$ 54,527**	$ 197,039
California Department of Health Care Services	**23,102**	-
California Department of Social Services	**37,897**	33,488
California Office of AIDS	**169,229**	161,898
California Office of Emergency Services	**396,401**	273,517
Centerlink	**-**	7,441
Cepheid	**37,892**	-
Children's Hospital Los Angeles	**8,451**	29,272
City of Los Angeles	**184,617**	80,396
City of West Hollywood	**15,012**	47,317
Howard Brown Health Center	**7,926**	-
Los Angeles County Department of Mental Health	**428,479**	465,660
Los Angeles County Department of Probation	**1,666**	-
Los Angeles County Department of Public Health	**2,691,172**	5,090,798
Los Angeles Homeless Services Authority	**1,574,382**	792,968
Mid-Atlantic Network of Youth & Family Services	**-**	10,579
National Council of Aging	**737**	-
San Diego State Research University	**41,377**	-
Santa Clara County	**16,900**	25,350
The General Hospital Corporation	**2,099**	5,652
The People Concern OPCC & LAMP Community United	**253,911**	162,375
The RAND Corporation	**-**	2,974
University of California, Los Angeles	**261,780**	261,006
University of California, San Diego	**12,356**	-
University of Southern California	**22,795**	29,283
U.S. Department of Health & Human Services	**537,601**	849,132
U.S. Department of Justice	**-**	43,574
U.S. Department of State	**92,798**	45,081
Whitman-Walker Institute	**9,625**	-
Allowance for Contracts and Grants Receivable	**(141,922)**	(138,251)
Net Contract and Grant Receivables	**$ 6,740,810**	$ 8,476,549

8. Investments

Investments consist of the following:

June 30,	2021	2020
Mutual funds	**$ 2,950,605**	$ 4,648,361
Equity securities	**15,824,414**	8,852,956
Fixed income securities	**1,300,188**	2,429,648
Non-traditional securities	**830,534**	1,298,521
	$ 20,905,741	$ 17,229,486

Net investment return consists of the following:

Years ended June 30,	2021	2020
Dividend income	**$ 361,949**	$ 514,807
Interest income	**18,119**	37,023
Total dividend and interest	**380,068**	551,830
Gross realized losses from sale of securities	**(28,599)**	(1,204,638)
Gross realized gains from sale of securities	**3,197,856**	185,874
Gross unrealized losses on fixed income securities	**(42,886)**	(122,214)
Gross unrealized gains on fixed income securities	**94,057**	183,679
Gross unrealized losses on equity securities	**(2,082,103)**	(1,132,071)
Gross unrealized gains on equity securities	**2,461,809**	2,057,153
Gross unrealized losses on non-traditional securities	**(17,793)**	(165,920)
Gross unrealized gains on non-traditional securities	**-**	139,808
Gross unrealized losses on mutual funds	**(28,543)**	(1,355)
Gross unrealized gains on mutual funds	**215**	435
Investments charges	**(88,745)**	(93,765)
Total realized and unrealized gains, net	**3,465,268**	(153,014)
Net investment return	**$ 3,845,336**	$ 398,816

Fixed income securities consist primarily of agency securities, domestic and international mutual funds and investment-grade corporate securities.

All investments are classified between short-term and long-term investments on the Consolidated Statements of Financial Position, based on their maturity date and the Center's intentions.

Subsequent to June 30, 2021, the Center transferred an additional $30 million of cash to short-term and long-term investment accounts.

9. Fair Value Measurements

The following tables summarize the Center's fair value measurements by level at June 30, 2021 and 2020 for the assets and liabilities measured at fair value on a recurring basis:

June 30, 2021	*Level 1*	*Level 2*	*Level 3*	*Total*
Mutual funds	**$ 2,950,605**	$ -	$ -	**$ 2,950,605**
Equity securities	**15,824,414**	-	-	**15,824,414**
Fixed income securities	**1,300,188**	-	-	**1,300,188**
Non-traditional securities	-	-	**830,534**	**830,534**
Contributions receivable, held in trust	**3,020,514**	-	-	**3,020,514**
Beneficial interests in trusts	-	-	**3,138,353**	**3,138,353**
Total assets at fair value	**$ 23,095,721**	$ -	**$ 3,968,887**	**$ 27,064,608**
Annuities payable	$ -	$ -	**$ 1,348,939**	**$ 1,348,939**

June 30, 2020	*Level 1*	*Level 2*	*Level 3*	*Total*
Mutual funds	$ 4,648,361	$ -	$ -	$ 4,648,361
Equity securities	8,852,956	-	-	8,852,956
Fixed income securities	2,429,648	-	-	2,429,648
Non-traditional securities	764,001	-	534,520	1,298,521
Contributions receivable, held in trust	2,505,399	-	-	2,505,399
Beneficial interests in trusts	-	-	2,475,865	2,475,865
Total assets at fair value	$ 19,200,365	$ -	$ 3,010,385	$ 22,210,750
Annuities payable	$ -	$ -	$ 1,098,054	$ 1,098,054

The Center's investments that are measured at fair value on a recurring basis are generally classified within Level 1 of the fair value hierarchy. The fair value of these investments are based on quoted market prices in active markets.

Level 1 measurement valuation techniques: The fair value of mutual funds, equity securities, fixed income securities, non-traditional securities and investments underlying the contributions receivable – held in trust are based on the market approach, which utilizes market transaction data for the same or similar instruments. Fair values of financial assets are obtained from an independent pricing service and are based on unadjusted quoted prices for identical assets in active markets.

Level 2 measurement valuation techniques: Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.

Level 3 measurement valuation techniques: For fair value measurements categorized within Level 3, the valuations are based as follows: Beneficial interest in trusts are measured based on the discounted present value of the remainder interest for each charitable remainder trust based on the actuarial tables established by the IRS and are adjusted annually through the Consolidated Statements of Activities and Changes in Net Assets to reflect estimated fair value. Non-traditional securities securing the annuities payable are recorded at estimated fair value as liabilities in the Consolidated Statements of Financial Position at estimated fair value using present value calculations based on actuarial tables and discount rates established by the IRS.

The following table summarizes the Center's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2021 and 2020:

June 30,	**2021**	2020
Beginning balance	**$ 3,010,385**	$ 2,782,404
Purchase of non-traditional securities	**296,014**	155,705
Proceeds from beneficial interests in trusts	**-**	53,104
Total net gains included in change in net assets (realized/unrealized)	**662,488**	19,172
Ending balance	**$ 3,968,887**	$ 3,010,385

The following table summarizes the Center's activity for liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2021 and 2020:

June 30,	**2021**	2020
Beginning balance	**$ 1,098,054**	$ 1,181,174
Change in value of split interest agreements	**77,704**	104,072
Receipts	**374,971**	-
Payments	**(201,790)**	(187,192)
Ending balance	**$ 1,348,939**	$ 1,098,054

There were no changes in the valuation methodologies.

10. Property and Equipment

Property and equipment consist of the following:

June 30,	2021	2020
Land	$ 7,928,073	$ 7,928,073
Buildings and improvements	14,628,398	14,511,587
Leasehold improvements	3,158,052	2,551,022
Furniture, fixtures and equipment	4,210,739	4,024,759
Computers and software	2,784,961	2,468,174
Construction in progress	235,986	766,438
Total Center property and equipment	32,946,209	32,250,053
Less: accumulated depreciation and amortization, including $3,735 and $3,735 accumulated depreciation for equipment acquired under capital leases at June 30, 2021 and 2020, respectively.	18,196,941	16,571,730
Total Center property and equipment, net of depreciation and amortization	14,749,268	15,678,323
AMR Campus - Land	9,558,063	9,558,063
AMR Campus – Buildings	68,729,583	68,639,024
AMR Campus – Furniture, fixtures and equipment	402,262	402,262
Total AMR Campus property and equipment	78,689,908	78,599,349
Less: accumulated depreciation and amortization, at June 30, 2021 and 2020, respectively.	3,919,551	2,169,347
Total AMR Campus property and equipment*, net of depreciation and amortization	74,770,357	76,430,002
Total consolidated property and equipment, net of depreciation and amortization	$ 89,519,625	$ 92,108,325

**The Anita May Rosenstein (AMR) Campus property is pledged as collateral for the notes payable in Note 14 and is further described in Note 21.*

For the years ended June 30, 2021 and 2020, the net book value of the assets under capital lease obligations were $6,538 and $18,679, respectively.

Depreciation and amortization expense was $3,370,462 and $3,345,526 for the years ended June 30, 2021 and 2020, respectively. The Center did not dispose of any assets for the years ended June 30, 2021 and 2020.

11. Line of Credit

On June 20, 2017, the Center executed a $5,500,000 revolving line of credit ("LOC") with Wells Fargo Bank ("WFB") with a maturity date of June 20, 2019. On June 20, 2019, the Center extended the $5,500,000 LOC with WFB with a maturity date of June 20, 2021. The LOC is collateralized by the Center's accounts receivable, general intangibles, inventory and equipment and bear interest at 2.00% above the Daily One Month LIBOR. There is an unused drawdown fee of 0.25% that is assessed on a quarterly basis. The LOC expired on June 20, 2021 and was not renewed. The LOC required the Center to meet certain covenants. As of June 30, 2020, the Center was in compliance with all covenants. During the years ended June 30, 2021 and 2020, the Center did not draw down on the LOC and therefore, did not incur any interest expense related to the LOC, other than the unused drawdown fee, which was immaterial as of June 30, 2021 and 2020. There were no outstanding balances under the LOC as of June 30, 2020 and as of June 20, 2021 when the LOC expired and was not renewed.

12. Note Payable to City of Los Angeles

The City of Los Angeles ("City") provided $4,930,159 of Community Development Block Grant ("CDBG") funds for the Senior Component of the Project (see Note 21) for the acquisition of the air space parcel on which to build the senior affordable housing. To accomplish this objective, the City executed a 55-year Acquisition and Permanent Loan ("City Loan") with the Center on January 16, 2018. Concurrent to this City Loan, the Center entered into a loan agreement with the Partnership (see Note 21), under the same terms and conditions as the City Loan. The Partnership then used these funds to buy the air space parcel from AMR QALICB when the senior affordable housing transaction closed on September 19, 2018. As a result, the Center at June 30, 2021 and 2020 has a receivable from the Partnership for $4,930,159 related to the loan and a payable to the City for the same amount included in Receivable from Affiliates Noncurrent Assets.

13. Paycheck Protection Program Loan

On June 18, 2021, the Center received loan proceeds in the amount of $10,000,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period.

The Center intends to use the proceeds for purposes consistent with the PPP and intends to apply for full forgiveness in fiscal year 2022. While the Center currently believes that its use of the loan proceeds will meet the conditions for full forgiveness of the loan, we cannot assure forgiveness of the loan, in whole or in part, nor timing of forgiveness, if any. Any unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first ten months from the end of the covered period.

14. Debt

Notes payable and capital lease obligations are summarized as follows:

June 30,	**2021**	2020
Note payable to City of Los Angeles, collateralized by McCadden Plaza Senior Housing Project Land ("Project"). The note shall bear simple interest at the rate of 4% percent per annum on the principal amount outstanding. The principal of the loan and all accrued interest thereon shall be repaid from residual receipts of the Project, if any, on an annual basis and due and payable in full on January 2073. See Note 12.	**$ 4,930,159**	$ 4,930,159
Note payable to Housing Community Investment Department (HCID), collateralized by a Deed of Trust and due March 2030. The note is non-interest bearing. The principal of the loan shall be repaid from residual receipts of the operations on an annual basis. Ten percent (10%) of the original loan amount can be forgiven annually upon review, verification and receipt of satisfactory documents by HCID.	**350,954**	-
PPP Loan obtained on June 18, 2021 through Lendistry in the amount of $10,000,000 structured as a note payable. There is no principal or interest payment due during the initial deferment period. Interest will continue to accrue with an interest rate of 1.0% during this period. The loan can become forgivable if all conditions of use are met. See Note 13.	**10,000,000**	-
Note payable A-1 to New Markets Community Capital XX, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 22.	**10,210,500**	10,210,500
Note payable B-1 to New Markets Community Capital XX, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 22.	**4,489,500**	4,489,500

June 30,	**2021**	2020
(continued)		
Note payable A-2 to GLA SUB-CDE XX, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 22.	**6,807,000**	6,807,000
Note payable B-2 to GLA SUB-CDE XX, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 22.	**2,993,000**	2,993,000
Note payable A-3 to LADF XI, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 22.	**6,607,000**	6,607,000
Note payable B-3 to LADF XI, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 22.	**3,393,000**	3,393,000
Note payable A-4 to LIIF SUB-CDE XI, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 22.	**5,285,600**	5,285,600
Note payable B-4 to LIIF SUB-CDE XI, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 22.	**2,474,400**	2,474,400

June 30,	**2021**	2020
(continued)		
Capital lease obligation, with variable monthly principal and interest payments due through February 8, 2023	**7,161**	11,031
Total debt	**57,548,274**	47,201,190
Less: unamortized cost of issuance	**(1,228,668)**	(1,275,513)
Less: current portion of long-term debt	**(4,361)**	(3,870)
Long-term debt, net of current portion	**$ 56,315,245**	$ 45,921,807

Minimum principal payments on notes payable and capital lease obligations are summarized as follows:

Years ending June 30,	CDBG Loan Payable	HCID Loan Payable	PPP Loan	Capital Leases	NMTC Notes Payable	Total
2022	$ -	$ -	$ -	$ 4,361	$ -	$ 4,361
2023	-	-	1,500,000	2,800	-	1,502,800
2024	-	-	2,000,000	-	275,000	2,275,000
2025	-	-	2,000,000	-	1,567,698	3,567,698
2026	-	-	2,000,000		1,588,620	3,588,620
Thereafter	4,930,159	350,954	2,500,000	-	38,828,682	46,609,795
	$ 4,930,159	$ 350,954	$ 10,000,000	$ 7,161	$ 42,260,000	$ 57,548,274

Interest expense, which includes accrued interest, related to long-term debt was $762,789 and $760,113 for the years ended June 30, 2021 and 2020, respectively.

15. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities are as follows:

June 30,	**2021**	2020
Accrued payroll and other employee expenses	**$ 6,503,722**	$ 5,734,573
Medi-Cal refund reserve	**2,037,929**	1,592,277
Due to grantors	**417,217**	230,434
Accrued expenses	**379,859**	478,920
Medical insurance payable	**245,098**	245,098
Other liabilities	**147,198**	104,519
340B pharmaceutical reserve	**67,820**	67,820
Total accrued expenses and other liabilities	**$ 9,798,843**	$ 8,453,641

Medi-Cal Refund Reserve

As a Federally Qualified Health Center (FQHC), the Center files an annual reconciliation report with the State of California Medi-Cal program. The Center determined that a reserve should be established for payback requests once the reconciliation reports have been audited by the State. As of June 30, 2021, the total reserve amount is $2,037,929 that is the best estimate reserve amount for open fiscal years, 2018, 2019, 2020 and 2021.

340B Pharmaceutical Reserve

The Center determined that from October 2014 through September 2015 some pharmaceutical drugs were incorrectly replenished using the 340B Drug Pricing Program. The Center estimated the refund to drug manufacturers to be $574,193 through September 2015 and established a reserve in that amount. An additional reserve amount of $170,092 was estimated for replenishment activity from July 2015 through September 2015. As of June 30, 2021, the Center has reimbursed 13 pharmaceutical manufacturers in the amount of $113,214. As of June 30, 2021, there are six reimbursements still pending with manufacturers and there have been no additional reserve. The Center has estimated the amount for the six pending reimbursements at June 30, 2021 to be $67,820.

Medical Insurance Payable

The Center identified that a small number of pharmacy transactions billed to Medi-Cal from July 2017 through June 2018 were not being adjudicated correctly based on the acquisition cost plus the dispensing fee. The Center estimated the overpayment amount to be $145,007 through June 30, 2020 and established a reserve in that amount.

In August 2017, the State of California Medi-Cal program announced that an increase in the dispensing fee for pharmaceuticals would take effect on April 1, 2017. The Center adjusted the dispensing fee billed per the new guidelines in October 2017. A policy clarification was issued in June 2018, stating that the change would not formally take effect until February 2019 and Medi-Cal would retroactively adjust billings. The Center adjusted the billed dispensing fee pending further guidance from Medi-Cal. A policy clarification was received in January 2019 confirming implementation in February 2019 and that communications related to retro-active implementation would be forthcoming. The Center determined that the payback amount for early implementation of the new dispensing fee from October 2017 through June 2018 was $35,792 and established a reserve in that amount. As of June 30, 2021, there have been no adjustments made by the state.

With the rapid onset of the COVID-19 pandemic and the implementation of local lockdown orders in March 2020, Health Centers were forced to rapidly transition from in-person visits to telehealth. In March and April 2020, guidance was released from Medicare stating that telehealth visits would be reimbursed at the full Prospective Payment System (PPS) rate. In July 2020, this decision was revisited, and the Center learned that telehealth visits would be reimbursed at the normal telehealth rate rather than the PPS and that the policy change would be retro-actively applied to January 2020. The difference in the reimbursement amounts would be deducted on future payments. The Center estimated the repayment amount to be $64,299 through June 30, 2020 and established a reserve in that amount. As of June 30, 2021, there has been no recoupment made by Medicare.

16. Commitments and Contingencies

Capital Leases

The Center leases certain equipment under agreements that are classified as capital leases. The current and long-term portions of capital lease obligations as of June 30, 2021, are presented in Note 14.

Aggregate maturities required on capital lease obligations are as follows:

Years ended June 30,	Amount
2022	$ 4,985
2023	2,913
Less: portion representing interest	(737)
Total	$ 7,161

Operating Leases

The Center executed a lease agreement effective on December 10, 2014 to lease an approximately 2,500 square-feet space in West Hollywood, California. The term is five years and commenced on September 1, 2015. The base rent is $14,000 per month plus $1,500 per month for 10 parking spaces. The fixed rental adjustment of the base rent is set to increase 3% annually, effective one year after the space is occupied. The total amount of rental payments due over the lease term is charged to rent expense on the straight-line method over the term of the lease. The Center extended the lease agreement effective on April 8, 2020. The term is five years and commenced on September 1, 2020. The base rent is $17,000 per month plus $1,739 per month for 10 parking spaces. The fixed rental adjustment of the base rent is set to increase 4% annually.

The Center executed a lease agreement for approximately 2,000 square-feet space in Los Angeles, California. The Center has extended this lease agreement several times including the most recent amendment on April 1, 2020, which extended the lease for an additional 24 months. The base rent as June 30, 2021 is $6,716 per month for all office units.

The Center executed a lease agreement effective on August 15, 2018 to lease an approximately 5,520 square-feet space in South Los Angeles, California. The term is ten years and four months and commenced on July 1, 2018. The base rent is $16,048, including parking, and commenced on November 1, 2018. The fixed rental adjustment of the base rent is set to change annually on December 15th, as defined in the lease agreement. The total amount of rental payments due over the lease term is charged to rent expense on the straight-line method over the term of the lease. The Center has a one-time option to terminate the lease as of December 14, 2023.

At June 30, 2021, the estimated future minimum rental payments under these leases are as follows:

Years ending June 30,	Amount
2022	$ 557,076
2023	449,063
2024	463,145
2025	477,750
2026	229,843
Thereafter	408,568
Total	$ 2,585,445

Rent expense is as follows:

Years ending June 30,	**2021**	2020
Rent expense	**$ 498,464**	$ 602,543
Sublease rental income	**(25,180)**	(82,734)
Rent expense, net	**$ 473,284**	$ 519,809

Employment Agreements

The Center entered into an employment agreement with the Chief Executive Officer ("CEO") effective June 16, 2012 for a term of ten years. The agreement provides for an annual base salary, various benefits and a possible annual performance bonus. This followed three successive agreements, two two-year and one five-year, under which the CEO accrued an entitlement to severance. The current agreement also includes a severance provision in the event that the CEO is terminated with or without cause. If the CEO is terminated with cause on or after June 16, 2015, she accrues an additional severance entitlement. If the CEO is terminated without cause, the Center is required to pay all salary and benefits due under the terms of the agreement, including severance. The current agreement also has a provision that the CEO may resign and will receive the severance entitlement through the date of resignation. However, the CEO must mitigate these liabilities by promptly seeking new employment. In the event that the salary of said new employment is less than the salary under the terms of the current agreement, the Center must pay the CEO the difference. The Center also entered into a severance agreement with an employee that provides for certain severance payments upon resignation or termination without cause any time after July 1, 2017. The payments range between four months to one year at the current salary depending on the date of resignation or termination. As of June 30, 2021 and 2020, the Center has accrued $639,077 and $547,968, respectively, included in accrued expenses and other liabilities in the Consolidated Statements of Financial Position, related to these agreements.

Litigation

The Center is a party to various pending legal actions. The Center's management believes that the ultimate disposition of all such matters will not have a material effect on the consolidated financial position.

Government Regulations

The Center is subject to extensive regulation by numerous government authorities, including federal, state and local jurisdictions. Although the Center believes that it is currently in compliance with applicable laws, regulations and rules, some such laws are broadly written and subject to interpretation by courts or administrative authorities. The Center also participates in several federally funded grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time, although the Center expects such amounts, if any, would not be material to its consolidated financial position.

17. Retirement Plans

Defined Contribution Plan

The Center has a defined contribution plan covering substantially all employees who have completed one year of service and have attained the age of 18. Employer contributions are at the discretion of management. There were no employer contributions for the years ended June 30, 2021 and 2020.

Deferred Compensation Plan

The Center has a nonqualified deferred compensation plan (under IRC Section 457(b)) for key executives to defer a portion of their compensation. The deferred amounts and earnings thereon are payable to participants, or designated beneficiaries, upon retirement or death. The Center does not make contributions to this plan. At June 30, 2021 and 2020, the Center holds assets totaling $1,481,184 and $1,246,604, respectively, which are recorded in other assets and a corresponding liability in accrued expenses and other liabilities in the accompanying Consolidated Statements of Financial Position. The assets are subject to the claims of general creditors. The investments of the trust are held in separate accounts for investment purposes, but are designated by the Board for use to satisfy this deferred compensation liability. Investment gains and losses from the deferred compensation investments are recorded directly to the asset account and the corresponding liability account.

18. Net Assets

Net Assets Without Donor Restrictions

	2021	2020
Undesignated	**$ 138,235,905**	$ 122,094,585
Without donor restrictions net assets	**$ 138,235,905**	$ 122,094,585

Net Assets With Donor Restrictions

Net assets with donor restrictions are subject to the following restrictions at June 30, 2021 and 2020:

	2021	2020
Purpose restrictions		
Development of Anita May Rosenstein Campus	$ 741,028	$ 815,998
Health and HIV Prevention Services	141,756	94,848
Policy	-	21,875
Youth, Seniors and Legal Services	88,058	143,519
Charitable remainder trusts	3,164,522	2,533,246
Funds to establish an endowment	2,102,138	2,102,138
Subtotal – purpose restrictions	6,237,502	5,711,624
Time restrictions		
Charitable remainder trusts	2,916,641	2,290,842
For periods after June 30, 2021 and 2020 - general operations	490,096	519,441
Subtotal – time restrictions	3,406,737	2,810,283
Net assets with donor restrictions	$ 9,644,239	$ 8,521,907

Net assets of $693,477 and $1,440,128 were released from donor and time restrictions in 2021 and 2020, respectively, by incurring expenses related to specific programs that satisfied the restricted purposes.

At June 30, 2021 and 2020, net assets with donor restrictions of $5,344,364 and $4,739,455, respectively, are contributions restricted by donors whereby the interest and dividends are used to support operations of the Center. These net assets with donor restrictions are primarily managed by third-party trustees, and the Center does not have control over investment decisions.

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19. Liquidity and Availability of Resources

The Center's financial assets available within one year of the Consolidated Statements of Financial Position date for general expenditure are as follows:

Years ended June 30,	**2021**	2020
Cash and cash equivalents	**$ 46,892,992**	$ 17,393,144
Short-term investments	**-**	15,554,623
Accounts and other receivables	**178,979**	318,479
Receivable from affiliate – current	**-**	-
Clinic fees receivable, net	**8,309,275**	8,281,958
Contracts and grants receivable, net	**6,740,810**	8,476,549
Pledges receivable current, net	**779,121**	761,561
Total financial assets available within one year*	**62,901,177**	50,786,314
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	**(1,460,937)**	(1,076,240)
Restricted by donors in perpetuity	**(2,102,138)**	(2,102,138)
Total amounts unavailable for general expenditures within one year	**(3,563,075)**	(3,178,378)
Total financial assets available to management for general expenditures within one year	**$ 59,338,102**	$ 47,607,936

**Total current assets, less restricted cash and inventories*

See Note 8 for additional information related to investments.

Liquidity Management

The Center maintains a policy of structuring its financial assets to be available as its general expenses, liabilities and other obligations come due. In addition, the Center invests cash in excess of weekly requirements in short-term investments.

The Center has sufficient cash and cash equivalents to meet operating needs and protect for unanticipated events. Nonetheless, if needed, there are multiple sources of credit the Center has available.

20. Allocation of Joint Costs

The Center conducted activities that include requests for contributions, as well as program, management and general components. Those activities included a special event. The costs of conducting those activities included $1,870,277 and $2,201,107 of joint costs for the years ended June 30, 2021 and 2020, respectively, which are not specifically attributable to components of the activities (joint costs).

These joint costs were allocated as follows:

Years ended June 30,	**2021**	2020
Fundraising	**$ 1,373,692**	$ 1,718,777
Health/Education/Prevention Program	**496,585**	482,330
Total	**$ 1,870,277**	$ 2,201,107

21. Anita May Rosenstein Campus

McCadden Campus, LLC ("Campus LLC") and McCadden Plaza Affordable Housing, LLC ("TSA LLC"), an unrelated third party, are the General Partners ("Partners") of McCadden Plaza, LP ("Partnership" or "LP"), a partnership formed in February 2014 to acquire real property located at 1116 North McCadden Place and 6725 Santa Monica Boulevard in Los Angeles ("East Property") to build a mixed-use development ("Project"). The East Property was acquired from the State of California on February 20, 2014 for $12,700,000 with the stipulation that the East Property was to be used for an affordable housing project. Thereafter, the Center donated a small adjacent parcel of land to the Project. The Project scope is to build up to 100 units of affordable housing for seniors, with parking, ("Senior Component"), as well as Center programming space for seniors and youth, housing for homeless youth, the Center's administrative offices and retail space, with parking, ("Center Component"). The Project was subsequently named the Anita May Rosenstein Campus.

Campus LLC is wholly owned by the Center. Campus LLC is the Managing General Partner of the Partnership; however, the Partnership is jointly controlled with TSA LLC. The partnership obligations are set forth in the McCadden Plaza LP Limited Partnership Agreement ("LPA") and the First Amendment to the LPA ("Amendment").

In addition, on April 15, 2017, an Agreement of Limited Partnership of McCadden Plaza TAY Housing LP ("TAY LP"), a California limited partnership, was executed by an affiliate of TSA LLC. Neither the Center nor any of its affiliates were party to that agreement. On November 14, 2017, the Partners executed an Amended and Restated Agreement of Limited Partnership of McCadden Plaza TAY Housing LP ("Amended TAY LPA") to acquire real property located at 1119 North McCadden Place ("West Property"), which was owned by the Center, and develop up to 26 units of affordable housing for youth ("Youth Component") as well as parking.

At the time, the Partners intended for the East Property to be subdivided into legal parcels pursuant to an air-rights subdivision ("Subdivision"), which subsequently occurred on February 21, 2018.

The Center owns and was primarily responsible for the management and supervision of the construction of the Center Component through an affiliate AMR QALICB. The Center was solely responsible for obtaining financing for the acquisition, construction and development of the Center Component and associated parking.

To the extent the Partnership or TAY LP required funds for the development of the Senior Component and Youth Component, primarily related to the land acquisition, parking and Soft Costs, Center LLC and TSA LLC were responsible for advancing funds. However, to start the Project before the Partnership and TAY LP had secured their respective financings, the Center agreed to advance a substantial portion of their costs and be repaid once their financings were closed and funds were available. The Partners will reconcile existing advances and contributions by the Partners to reflect any updated cost allocation plans and conclude on the final amounts.

On June 14, 2017, the Partnership executed a Guaranteed Maximum Price Contract ("Contract") with Swinerton Builders ("Contractor"). The contract sum was guaranteed by the Contractor not to exceed $57,533,628 without approved change orders. The Contract includes construction of the foundation, approximately 350 underground parking stalls, site work and buildings related to the Center Component. As of June 30, 2021, the Contract was increased to $67,166,632 through additional change orders. Construction on the Project began on June 2017, and the Center's component was substantially completed.

As part of financing the development of the Center Component and parking, the Center entered into a New Markets Tax Credit ("NMTC") transaction on June 23, 2017, which is fully described in Note 22. As the Subdivision of the East Property was not recorded prior to June 23, 2017, the Partnership was required to transfer the deed of the East Property to AMR QALICB, including the Senior Component of the land, to complete the transaction. The Partners executed the Amendment on June 15, 2017 to transfer the East Property. AMR QALICB executed an Amended and Restated Agreement of Purchase and Sale and Joint Escrow Instructions, effective June 21, 2017, with the Partnership to sell the affordable housing air space parcel of the East Property to the Partnership for development of the Senior Component for $4,930,159 following Subdivision.

In addition, AMR QALICB executed two additional Agreements of Purchase and Sale and Joint Escrow Instructions with the Partnership to sell parking for the Senior Component and Youth Component in an amount equal to $54,557 per parking stall. The number of parking stalls to be sold were subject to negotiation. These agreements were later amended and restated in 2018 with the Partnership to sell 84 parking stalls for the Senior Component in an amount equal to $4,663,982 and $1,835,742 for shared improvements. For the Youth Component, an agreement was reached with TAY LP to sell 12 parking stalls for the Youth Component in an amount equal to $850,594 and $160,263 for shared improvements. In both agreements, the prices may be adjusted for reasonably unforeseen cost increases actually incurred, up to ten percent of the original price.

The Center also secured three credit facilities with Wells Fargo Bank in June 2017 to finance the development of the Center Component and parking: 1) a $5,500,000 Line of Credit; 2) a $19,100,000 Term Loan/Revenue Bond; 3) a $10,000,000 Bridge Loan Note.

On June 20, 2019, the Bridge Loan Note matured and was not renewed. The Center cancelled the Term Loan/Revenue Bond on January 22, 2020. The LOC expired on June 20, 2021 and was not renewed. During the construction of the Anita May Rosenstein Campus, none of the credit facilities were drawn down due to the success of the Capital Campaign, cash generated from operations, proceeds from the NMTC transaction, and cash and investments on hand.

As discussed in Note 4, Pledges Receivable, the Center publicly announced a Capital Campaign in May 2014 that successfully concluded in June 2019 and provided a significant source of funding during construction.

The Center's Component and underground parking was substantially completed on April 6, 2019 at which time the Center received a six-month Temporary Certificate of Occupancy ("TCO"). The Center has since been granted successive six-month extensions. The Youth Component received a TCO March 2021, and the Senior Component received a TCO July 2021. The permanent Certificate of Occupancy for the Center is expected mid fiscal year 2022.

TSA LLC was primarily responsible for identifying and negotiating the terms of all debt and equity financing for the development and construction of the Senior and Youth Components as well as related parking. The Partners applied for and secured local, state, and Federal funding and tax credit sources to develop the Senior and Youth Components and related parking. The Partners also syndicated the limited partnership interests in the Partnership and TAY LP to a qualified investor in low-income housing projects ("Investor Limited Partners").

To facilitate the Senior and Youth Component financings, the Center donated land that was recorded as an investment in affiliate of $250,000 to the TAY LP and converted $650,000 in receivables from affiliate related to Soft Costs that was subsequently recorded as an investment in affiliate to the Partnership. If residual receipts allow, the $650,000 has the potential to be paid back to the Center.

The City of Los Angeles ("City") provided $4,930,159 of Community Development Block Grant ("CDGB") funds for the Senior Component of the Project for the acquisition of the air space parcel on which to build the senior affordable housing. To accomplish this objective, the City executed a 55-year Acquisition and Permanent Loan ("City Loan") with the Center on January 16, 2018. Concurrent to this City Loan, the Center entered into a loan agreement with the Partnership, under the same terms and conditions as the City Loan. The Partnership then used these funds to buy the air space parcel from AMR QALICB when the senior affordable housing transaction closed on September 19, 2018. As a result, the Center has a receivable from the Partnership for $4,930,159, plus accrued interest, related to the loan and a payable to the City for the same amount.

On September 21, 2018, the Partners executed agreements ("Youth Housing Close"), including a Second Amended and Restated Agreement of Limited Partnership, to build 26 units for the Youth Component of the project on the West Property that was donated by the Center. As part of the transaction, the Center had to agree to guaranties or indemnities to Wells Fargo in an amount not to exceed an aggregate $7,000,000, an environmental indemnity to and for the benefit of Wells Fargo, a mechanic's lien indemnity to and for the benefit of Chicago Title insurance Company, and a guaranty to and for the benefit of Wells Fargo Affordable Housing Community Development Corporation (subject to a liability cap of twenty five percent (25%) of an applicable claim, except for claims related to environmental indemnities, for which no such cap shall apply). As is typical in these types of transactions, Campus LLC's partnership interest was reduced to 0.0051% with the addition of the Investor Limited Partner who took control of TAY LP with 99.99% interest.

On December 19, 2018, the Partners executed agreements ("Senior Housing Close"), including an Amended and Restated Agreement of Limited Partnership, to build 98 units for the Senior Component of the project on the East Property. As part of the transaction, the Center had to agree to guaranties or indemnities to Wells Fargo in an amount not to exceed an aggregate $25,000,000, an environmental indemnity to and for the benefit of Wells Fargo, a mechanic's lien indemnity to and for the benefit of Chicago Title insurance Company, and a guaranty to and for the benefit of Wells Fargo Affordable Housing Community Development Corporation (subject to a liability cap of twenty five percent (25%) of an applicable claim, except for claims related to environmental indemnities, for which no such cap shall apply. Campus LLC's partnership interest was reduced to 0.0051% with the addition of the Investor Limited Partner who took control of the Partnership with 99.99% interest.

As of June 30, 2021, and 2020, on a consolidated basis, the Center had a receivable of $5,594,088 and $5,396,881, respectively, due from the Partnership and TAY LP, primarily related to the City Loan and the advancement of Hard and Soft Costs incurred during construction. This receivable is presented as receivable due from affiliates in the Consolidated Statement of Financial Position.

AMR QALICB had $9,558,063, which consist of land acquisitions, donated land, capitalize interest, and closing cost, as land and land development costs as of June 30, 2021 and 2020.

As of June 30, 2021, AMR QALICB had $68,729,583 recorded as Buildings, including Hard Costs, Soft Costs and Other Costs, related to the Center Component and associated parking. The Center Component was substantially completed on April 6, 2019. The Center contributed $24,090 for the Center Component to AMR QALICB during the year ended June 30, 2020. During the year ended June 30, 2021, Partnership and TAY LP made no payment to the Center and AMR QALICB for their respective Hard and Soft Costs.

As of June 30, 2021, AMR QALICB had a payable to the Center for $328,056, primarily related to Hard and Soft Costs, and the Center had an offsetting receivable from AMR QALICB. In addition, the Center had a payable to AMR QALICB for $117,241, and AMR QALICB has an offsetting receivable from the Center related to Hard Costs for the Center Component. These two amounts are eliminated in the Consolidated Statements of Financial Position.

22. New Market Tax Credits

On June 23, 2017, the Center entered into a New Markets Tax Credit (“NMTC”) transaction to help finance the construction of the Center Component of the Anita May Rosenstein Campus. The NMTC Program was designed to stimulate investment and economic growth in low-income communities by offering a seven-year, 39% federal tax credit for Qualified Equity Investments (“QEI”) made through investment vehicles known as Community Development Entities (“CDEs”). CDEs use capital derived from tax credits to make loans to or investments in businesses and projects in low-income areas under favorable economic terms, typical of this type of tax credits-based deals.

The NMTC transaction is composed of several sub-transactions, as described below:

QALICB: For the sole purpose of facilitating the NMTC transaction as a Qualified Active Low-Income Community Business (“QALICB”), the Center created AMR QALICB. AMR QALICB was formed pursuant to the filing of those certain Articles of Incorporation with the California Secretary of State on February 2, 2017. On November 3, 2017, the Internal Revenue Service issued a letter determining that the QALICB was exempt from federal income tax under IRC Section 501(c)(3).

Leverage Loan: As part of the transaction, the Center committed to lend $28,910,000 to AMR Campus Investment Fund, LLC, the Investment Fund. The proceeds of this leverage loan were used by the Investment Fund towards making a QEI into four CDEs as listed below. The Leverage Loan bears an interest rate of 1.00% and matures on June 23, 2041.

Qualified Low-Income Community Investment ("QLICI Loan"): Under the NMTC transaction, AMR Campus QALICB obtained QLICI Loans from the following CDEs: (i) New Markets Community Capital XX, LLC ("NMCC"); (ii) GLA Sub-CDE XX, LLC ("GLA"); (iii) LADF XI, LLC ("LADF"); and (iv) LIIF Sub-CDE XL, LLC ("LIIF"). The following QLICI A and B loans were made to AMR QALICB:

	2021	2020
1. QLICI Loan A1 (NMCC)	**$ 10,210,500**	$ 10,210,500
2. QLICI Loan B1 (NMCC)	**4,489,500**	4,489,500
3. QLICI Loan A2 (GLA)	**6,807,000**	6,807,000
4. QLICI Loan B2 (GLA)	**2,993,000**	2,993,000
5. QLICI Loan A3 (LADF)	**6,607,000**	6,607,000
6. QLICI Loan B3 (LADF)	**3,393,000**	3,393,000
7. QLICI Loan A4 (LIIF)	**5,285,600**	5,285,600
8. QLICI Loan B4 (LIIF)	**2,474,400**	2,474,400
Total	**$ 42,260,000**	$ 42,260,000

The QLICI Loans bear interest at a fixed rate equal to 1.33% and mature on June 23, 2047. The QLICI Loans are recorded in the Center's Consolidated Statements of Financial Position. The QLICI Loans are secured by a mortgage on the East Property. As discussed in Note 22, at the Senior Housing Close, the Partnership purchased back the air rights parcel from AMR QALICB for the Senior Component, at which point the QLICI Loans are now secured by the Center Component of the Project.

As part of the NMTC transaction, the Center executed a Master Lease Agreement with AMR QALICB. The term of the lease is for 30 years from the date of the NMTC transaction with provisions to cancel it when the put/call agreements are exercised on the seventh-year anniversary as discussed below. Rent commenced on April 1, 2019 at $26,426 and will increase to $29,595 by the end of the seventh year. All rental activity is eliminated upon consolidation.

Neither the Center nor AMR QALICB controls or has economic interest in the assets of either the QEI or the CDEs. The QEI is controlled and wholly owned by Wells Fargo Bank, and the Investment Fund funds the CDEs.

To earn the tax credit, the QEI must remain invested in the CDEs for a seven-year period. AMR QALICB has significant reporting requirements to its lenders, including financial reports and community impact reports. AMR QALICB is restricted against accumulating and holding certain types of assets (including options, stocks, promissory notes and excess cash), having its own employees, or otherwise engaging in activities unrelated to the Center. Provided AMR QALICB satisfies the foregoing requirements and avoids violating the foregoing restrictions, it will remain in substantial compliance with its obligations pursuant to the NMTC financing.

The Center and Wells Fargo Community Investment Holdings, LLC ("Wells Fargo Holdings") have executed an Investment Fund Put and Call Agreement to take place at the end of the seven-year compliance period. Under the agreement, Wells Fargo Holdings can exercise a put option to sell all interest in the QEI for $1,000 to the Center. If Wells Fargo Holdings does not exercise the put option within 90 days of the seven-year period, the Center can exercise a call option to purchase the interest of the QEI at an appraised fair market value.

These put/call options do not represent embedded derivatives and, accordingly, have not been accounted for as derivative instruments in the Center's consolidated financial statements.

If the Investment Fund Put and Call Agreement is exercised at the seventh-year anniversary of the NMTC transaction, the Center would gain control of all outstanding loans payable and receivable, there would be no residual amounts due to or from any external third parties, and the Center would record a net gain associated with the dissolution of the $28,910,000 Leverage Loan Receivable and the $42,260,000 QLICI Loans Payable. Including transaction expenses, the Center expects to net approximately $9,500,000 from the NMTC transaction to help finance the construction of the Center Component and associated parking.

23. Gay & Lesbian Elder Housing Corporation

On January 6, 2014, the Center executed a Services Agreement with the Gay & Lesbian Elder Housing Corporation, a California nonprofit public benefit corporation ("GLEH") and GLEH Los Angeles Corporation ("GLEH-LA"), a California nonprofit public benefit corporation. The mission of GLEH and GLEH-LA is to promote and provide decent affordable housing, care and supportive services on a non-discriminatory basis for low and moderate-income persons living in Southern California, with a special emphasis on identifying and servicing the needs of gay and lesbian elders for such housing services. The Services Agreement had a term of one year and called for the Center to provide administrative and back-office services for GLEH and social services to the residents and administrative and back-office services for GLEH-LA.

GLEH merged with and into GLEH-LA on November 12, 2014, and the Center executed a Master Services Agreement ("MSA") through December 31, 2016 ("Initial Term") with GLEH-LA to replace the Services Agreement on that same date. At the expiration of the Initial Term, this agreement automatically renewed for successive six-month periods unless either party provides the other party with notice of non-renewal at least thirty days prior to expiration of the current term. Under the MSA, the Center agreed to continue to provide social services to the residents and other management, administrative and back-office services for fees commensurate with fair market value. If the cash flow is not adequate to cover the fees charged, the fees will accrue interest free and will carryover and be paid in the next successive year or until such time that monies are available. Under the MSA, the Center is entitled to $1,323,703 and $1,094,419 for the years ended June 30, 2021 and 2020, respectively, however the Center did not recognize revenue due to the uncertainty of collection, and the amount is fully reserved.

On August 27, 2014, the Center executed a Donation and Undertaking Agreement with GLEH. GLEH donated to the Center and the Center accepted GLEH's right, title and interest in and to all of GLEH's assets other than cash, which consisted primarily of a promissory note ("GLEH Note"), dated as of August 5, 2005, by Encore Hall Senior Housing, L.P. to GLEH in the original principal amount of $1,500,000.

The $1,500,000 GLEH Note was provided by GLEH for construction and permanent financing of a 104-unit apartment complex intended for rental to senior persons of very low-, low- and moderate-income ("GLEH Project"). The GLEH Note is secured by a third leasehold deed of trust on the property. Interest accrued at a rate of 5.51% from the date of funding through January 2007. According to the terms of the GLEH Note, the GLEH Note shall not bear interest thereafter. Interest on the GLEH Note shall not exceed $120,000, with $60,000 due at Closing, $30,000 upon completion of construction and $30,000 at Final Closing. The Borrower shall pay 0.65% of the Net Cash Flow, as defined in the loan agreement, to the Lender until the loan is repaid in full. Interest of $120,000 was paid on the loan, which was paid prior to the donation of the GLEH Note to the Center. Any outstanding principal and interest shall be due on August 5, 2051.

The GLEH Project is regulated by the California Housing Finance Agency as to rent charges, operating methods and other matters. Additionally, the GLEH Project has qualified for and was allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. The GLEH Project must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the tax credits.

The Limited Partnership will continue to operate until December 31, 2065, unless dissolved earlier in accordance with the Partnership Agreement.

Due to the lack of marketability of the Note, the 2051 maturity date and the regulated use of the GLEH Project, management has determined the Center does not have sufficient evidential matter to determine the fair market value of the Note and has assigned no value to the Note as of June 30, 2021 and 2020.

24. Effect of Economic Conditions on Contributions

The Center depends heavily on contributions from the public for its revenue. The ability of certain of the Center’s contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions to the Center. While the Center’s Board of Directors believes the Center has the resources to continue its programs, its ability to do so and the extent to which certain programs continue, may be dependent on the above factors.

25. Subsequent Events

The Center evaluated subsequent events through December 30, 2021, which is the date the consolidated financial statements were available to be issued. There were no events that require adjustments to or disclosures in the Center’s consolidated financial statements for the year ended June 30, 2021.

Supplemental Material

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Independent Auditor's Report on Supplemental Material

Board of Directors
Los Angeles LGBT Center and Affiliates
Los Angeles, California

Our audits of the consolidated financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental material presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audits 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 consolidated 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BDO USA, LLP

December 30, 2021

Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidating Statements of Financial Position (Continued)

June 30, 2021	Los Angeles LGBT Center	AMR Campus QALICB, Inc.	Elimination Entries	Consolidated Financials
Current assets				
Cash and cash equivalents	$ 46,029,695	$ 863,297	$ -	$ 46,892,992
Restricted cash AMR Campus construction	-	-	-	-
Restricted cash NMTC CDE's fee reserve	-	1,223,027	-	1,223,027
Accounts and other receivables	165,866	13,113	-	178,979
Receivable from affiliates	328,055	117,241	(445,296)	-
Clinic fees receivable, net	8,309,275	-	-	8,309,275
Contracts and grants receivable, net	6,740,810	-	-	6,740,810
Pledges receivable, net	779,121	-	-	779,121
Short-term investments	-	-	-	-
Inventories	1,143,460	-	-	1,143,460
Total current assets	63,496,282	2,216,678	(445,296)	65,267,664
Noncurrent assets				
Contributions receivable – held in trust	3,020,514	-	-	3,020,514
Beneficial interests in trusts	3,138,353	-	-	3,138,353
Receivable from affiliate	5,594,090	-	-	5,594,090
Leverage loan receivables	28,910,100	-	-	28,910,100
Pledges receivable, net	681,816	-	-	681,816
Long-term investments	20,905,741	-	-	20,905,741
Property and equipment, net	14,749,268	74,770,357	-	89,519,625
Other assets	4,912,249	-	-	4,912,249
Total noncurrent assets	81,912,131	74,770,357	-	156,682,488
Total assets	$ 145,408,413	$ 76,987,035	$ (445,296)	$ 221,950,152
Current liabilities				
Accounts payable	$ 4,005,796	$ -	$ -	$ 4,005,796
Accrued expenses and other liabilities	9,798,843	-	-	9,798,843
Payable to affiliates	117,240	328,056	(445,296)	-
Retainage	-	51,870	-	51,870
Unearned revenue	1,877,693	-	-	1,877,693
Interest payable	667,261	-	-	667,261
Current portion of annuities payable	240,233	-	-	240,233
Current portion of long-term debt	4,361	-	-	4,361
Total current liabilities	16,711,427	379,926	(445,296)	16,646,057
Noncurrent liabilities				
Annuities payable, net of current portion	1,108,706	-	-	1,108,706
Long-term debt, net of current portion	15,255,002	41,060,243	-	56,315,245
Total noncurrent liabilities	16,363,708	41,060,243	-	57,423,951
Total liabilities	33,075,135	41,440,169	(445,296)	74,070,008
Commitments and Contingencies (Note 16)				
Net assets				
Without donor restrictions	102,689,039	35,546,866	-	138,235,905
With donor restrictions	9,644,239	-	-	9,644,239
Total net assets	112,333,278	35,546,866	-	147,880,144
Total liabilities and net assets	$ 145,408,413	$ 76,987,035	$ (445,296)	$ 221,950,152

Los Angeles LGBT Center and Affiliates
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Consolidating Statements of Financial Position (Continued)

June 30, 2020	Los Angeles LGBT Center	AMR Campus QALICB, Inc.	Elimination Entries	Consolidated Financials
Current assets				
Cash and cash equivalents	$ 16,125,274	$ 1,267,870	$ -	$ 17,393,144
Restricted cash AMR Campus construction	-	-	-	-
Restricted cash NMTC CDE's fee reserve	-	1,542,473	-	1,542,473
Accounts and other receivables	318,479	-	-	318,479
Receivable from affiliates	786,869	162,972	(949,841)	-
Clinic fees receivable, net	8,281,958	-	-	8,281,958
Contracts and grants receivable, net	8,476,549	-	-	8,476,549
Pledges receivable, net	761,561	-	-	761,561
Short-term investments	15,554,623	-	-	15,554,623
Inventories	1,035,104	-	-	1,035,104
Total current assets	51,340,417	2,973,315	(949,841)	53,363,891
Noncurrent assets				
Contributions receivable – held in trust	2,505,399	-	-	2,505,399
Beneficial interests in trusts	2,475,865	-	-	2,475,865
Receivable from affiliate	5,396,881	-	-	5,396,881
Leverage loan receivables	28,910,100	-	-	28,910,100
Pledges receivable, net	781,016	-	-	781,016
Long-term investments	1,674,863	-	-	1,674,863
Property and equipment, net	15,678,323	76,430,002	-	92,108,325
Other assets	4,296,355	-	-	4,296,355
Total noncurrent assets	61,718,802	76,430,002	-	138,148,804
Total assets	$ 113,059,219	$ 79,403,317	$ (949,841)	$ 191,512,695
Current liabilities				
Accounts payable	$ 2,962,460	$ -	$ -	$ 2,962,460
Accrued expenses and other liabilities	8,453,641	-	-	8,453,641
Payable to affiliates	162,972	786,869	(949,841)	-
Retainage	-	219,980	-	219,980
Unearned revenue	1,769,669	-	-	1,769,669
Interest payable	466,722	-	-	466,722
Current portion of annuities payable	183,333	-	-	183,333
Current portion of long-term debt	3,870	-	-	3,870
Total current liabilities	14,002,667	1,006,849	(949,841)	14,059,675
Noncurrent liabilities				
Annuities payable, net of current portion	914,721	-	-	914,721
Long-term debt, net of current portion	4,907,857	41,013,950	-	45,921,807
Total noncurrent liabilities	5,822,578	41,013,950	-	46,836,528
Total liabilities	19,825,245	42,020,799	(949,841)	60,896,203
Commitments and Contingencies (Note 16)				
Net assets				
Without donor restrictions	84,712,067	37,382,518	-	122,094,585
With donor restrictions	8,521,907	-	-	8,521,907
Total net assets	93,233,974	37,382,518	-	130,616,492
Total liabilities and net assets	$ 113,059,219	$ 79,403,317	$ (949,841)	$ 191,512,695

Los Angeles LGBT Center and Affiliates
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Consolidating Statements of Activities and Changes in Net Assets (Continued)

Year ended June 30, 2021	Los Angeles LGBT Center	AMR Campus QALICB, Inc.	Elimination Entries	Consolidated Financials
Public support and other revenue				
Public support:				
Special events revenue:				
Gross receipts	$ 2,461,824	$ -	$ -	$ 2,461,824
Less costs of direct benefits to donors	-	-	-	-
Net special events revenue	2,461,824	-	-	2,461,824
Program fees	102,290,657	-	-	102,290,657
Grants	25,876,558	-	-	25,876,558
Contributions	11,382,709	-	-	11,382,709
Contributions - Capital Campaign	4,513,125	-	-	4,513,125
Contributed goods and services	433,548	-	-	433,548
Other operating revenue	162,757	329,876	(329,876)	162,757
Total public support and other revenue	147,121,178	329,876	(329,876)	147,121,178
Net assets released from restrictions:				
Satisfaction of program restrictions	-	-	-	-
Total public support and other revenue and net assets released from restrictions	147,121,178	329,876	(329,876)	147,121,178
Operating expenses				
Program services	127,047,095	1,166,161	-	128,213,256
Supporting services:				
General and administrative	1,256,634	1,210,485	(329,876)	2,137,243
Fund-raising	4,876,336	55,657	-	4,931,993
Total supporting services	6,132,970	1,266,142	(329,876)	7,069,236
Total operating expenses	133,180,065	2,432,303	(329,876)	135,282,492
Change in net assets before non-operating income/gains (losses) and other revenue	13,941,113	(2,102,427)	-	11,838,686
Non-operating income/gains (losses) and other revenue				
Net investment return	3,845,336	-	-	3,845,336
Unrealized gains on trusts held by third parties	1,177,603	-	-	1,177,603
Change in value of split-interest agreements	(77,704)	-	-	(77,704)
Other nonoperating revenue	479,731	-	-	479,731
Donation of construction in progress	(266,775)	266,775	-	-
Total non-operating income/gains (losses) and other revenue	5,158,191	266,775	-	5,424,966
Change in net assets	19,099,304	(1,835,652)	-	17,263,652
Net assets, beginning of year	93,233,974	37,382,518	-	130,616,492
Net assets, end of year	$ 112,333,278	$ 35,546,866	$ -	$ 147,880,144

Los Angeles LGBT Center and Affiliates
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Consolidating Statements of Activities and Changes in Net Assets (Continued)

Year ended June 30, 2020	Los Angeles LGBT Center	AMR Campus QALICB, Inc.	Elimination Entries	Consolidated Financials
Public support and other revenue				
Public support:				
Special events revenue:				
Gross receipts	$ 5,465,423	$ -	$ -	$ 5,465,423
Less costs of direct benefits to donors	(114,964)	-	-	(114,964)
Net special events revenue	5,350,459	-	-	5,350,459
Program fees	100,330,412	-	-	100,330,412
Grants	23,499,221	-	-	23,499,221
Contributions	7,675,416	-	-	7,675,416
Contributions - Capital Campaign	3,647,155	-	-	3,647,155
Contributed goods and services	542,770	-	-	542,770
Other operating revenue	402,883	321,056	(321,056)	402,883
Total public support and other revenue	141,448,316	321,056	(321,056)	141,448,316
Net assets released from restrictions:				
Satisfaction of program restrictions	-	-	-	-
Total public support and other revenue and net assets released from restrictions	141,448,316	321,056	(321,056)	141,448,316
Operating expenses				
Program services	125,982,917	1,163,189	-	127,146,106
Supporting services:				
General and administrative	2,285,252	1,208,455	(321,056)	3,172,651
Fund-raising	5,409,572	55,515	-	5,465,087
Total supporting services	7,694,824	1,263,970	(321,056)	8,637,738
Total operating expenses	133,677,741	2,427,159	(321,056)	135,783,844
Change in net assets before non-operating income/gains (losses) and other revenue	7,770,575	(2,106,103)	-	5,664,472
Non-operating income/gains (losses) and other revenue				
Net investment return	398,816	-	-	398,816
Unrealized loss on trusts held by third parties	(338,135)	-	-	(338,135)
Change in value of split-interest agreements	(104,072)	-	-	(104,072)
Other nonoperating revenue	313,733	-	-	313,733
Donation of construction in progress	719,384	(719,384)	-	-
Total non-operating income/gains (losses) and other revenue	989,726	(719,384)	-	270,342
Change in net assets	8,760,301	(2,825,487)	-	5,934,814
Net assets, beginning of year	84,473,673	40,208,005	-	124,681,678
Net assets, end of year	$ 93,233,974	$ 37,382,518	$ -	$ 130,616,492