

LOS ALAMITOS EDUCATION FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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Guzman & Gray

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Los Alamitos Education Foundation
Los Alamitos, California

We have reviewed the accompanying financial statements of Los Alamitos Education Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Los Alamitos Education Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT (Continued)

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Guzman & Gray

Guzman & Gray CPAs
Long Beach, CA
October 25, 2022

LOS ALAMITOS EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 438,678	\$ 108,677	\$ 547,355
Investment in share certificates	244,525	-	244,525
Prepaid insurance	8,212	-	8,212
Other prepaid expenses	11,505	-	11,505
Total Current Assets	<u>702,920</u>	<u>108,677</u>	<u>811,597</u>
Property and Equipment:			
Program equipment	10,623	-	10,623
Computer equipment	2,468	-	2,468
Total Property and Equipment	<u>13,091</u>	<u>-</u>	<u>13,091</u>
Accumulated depreciation	<u>(13,091)</u>	<u>-</u>	<u>(13,091)</u>
Net Property and Equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 702,920</u>	<u>\$ 108,677</u>	<u>\$ 811,597</u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 128	\$ -	\$ 128
Accrued salaries and vacation payable	29,941	-	29,941
Deferred revenue	228,031	-	228,031
Total Current Liabilities	<u>258,100</u>	<u>-</u>	<u>258,100</u>
Net Assets:			
Net assets without restrictions	444,820	-	444,820
Net assets with restrictions	-	108,677	108,677
Total Net Assets	<u>444,820</u>	<u>108,677</u>	<u>553,497</u>
Total Liabilities and Net Assets	<u>\$ 702,920</u>	<u>\$ 108,677</u>	<u>\$ 811,597</u>

See independent accountants' review report and notes to financial statements.

LOS ALAMITOS EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Revenues and Other Support			
Grants and contributions	\$ 79,627	\$ 122,769	\$ 202,396
Paycheck Protection Program	97,096	-	97,096
Program fees	999,460	-	999,460
Interest earned	705	-	705
Other income	177	-	177
Gross special events revenue	\$ 170,257	-	-
Less cost of direct benefits to donors	<u>\$ (9,010)</u>	-	-
Net special events revenue	<u>161,247</u>	<u>-</u>	<u>161,247</u>
Total revenues and other support	1,338,312	122,769	1,461,081
Net assets released from restrictions	<u>126,002</u>	<u>(126,002)</u>	<u>-</u>
Total Revenues	<u>1,464,314</u>	<u>(3,233)</u>	<u>1,461,081</u>
EXPENSES			
Program services	1,099,013	-	1,099,013
Support services			
Management and general	128,505	-	128,505
Fundraising	66,157	-	66,157
Total Expenses	<u>1,293,675</u>	<u>-</u>	<u>1,293,675</u>
Change in Net Assets	170,639	(3,233)	167,406
Net Assets, Beginning of Year	<u>274,181</u>	<u>111,910</u>	<u>386,091</u>
Net Assets, End of Year	<u>\$ 444,820</u>	<u>\$ 108,677</u>	<u>\$ 553,497</u>

See independent accountants' review report and notes to financial statements.

LOS ALAMITOS EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total Expenses
Background and fingerprinting	\$ 990	\$ -	\$ -	\$ -	\$ 990
Bank and merchant fees	39,536	355	3,744	-	43,635
Classroom facility expenses	73,600	6,400	-	-	80,000
Donations to district	96,286	-	-	-	96,286
Dues and memberships	217	90	510	-	817
Employee benefits	7,594	1,055	1,687	-	10,336
Events	-	-	-	9,010	9,010
Filing fees	-	155	-	-	155
Financial aid, scholarships, and tuition waiver	67,400	-	-	-	67,400
Insurance - liability	10,588	993	1,901	-	13,482
Insurance - workers' compensation	3,964	513	982	-	5,459
Marketing and promotion	122	3	388	-	513
Mileage and meeting expenses	-	387	724	-	1,111
Payroll processing fees	1,999	190	275	-	2,464
Payroll taxes	42,478	2,577	3,656	-	48,711
Postage	594	89	1,711	-	2,394
Printing and reproduction	-	-	798	-	798
Professional fees	13,537	1,753	3,916	-	19,206
Program - contracted teachers	302,190	-	-	-	302,190
Program promotion and printing	451	-	-	-	451
Salaries - administrative	67,098	36,459	44,142	-	147,699
Salaries - program manager and coordinator	109,834	-	1,441	-	111,275
Salaries - teachers	228,393	76,768	-	-	305,161
Software	6,508	-	-	-	6,508
Supplies - office	202	188	55	-	445
Supplies - program	24,388	-	-	-	24,388
Telecommunications	1,044	125	227	-	1,396
Training and development	-	405	-	-	405
Total expenses by function	1,099,013	128,505	66,157	9,010	1,302,685
Less expenses included with revenues on the statement of activities:					
Cost of direct benefits to donors	-	-	-	(9,010)	(9,010)
Total expenses included in the expense section on the statement of activities	\$ 1,099,013	\$ 128,505	\$ 66,157	\$ -	\$ 1,293,675

See independent accountants' review report and notes to financial statements.

LOS ALAMITOS EDUCATION FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 167,406
Adjusted to reconcile change in net assets to net cash and cash equivalents used for operating activities:	
Paycheck Protection Program	(97,096)
(Increase) decrease in:	
Prepaid insurance	562
Other prepaid expenses	(9,601)
Increase (decrease) in:	
Accounts payable and accrued expenses	(20,344)
Accrued salaries and vacation payable	652
Deferred revenue	<u>197,742</u>
Net cash provided by operating activities	<u>239,321</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Transfers and reinvestments	<u>(140,655)</u>
Net cash used for investing activities	<u>(140,655)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Paycheck Protection Program loan proceeds	<u>97,096</u>
Net cash provided by financing activities	<u>97,096</u>
Decrease in Cash and Cash Equivalents	195,762
Cash and Cash Equivalents, Beginning of Year	<u>351,593</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 547,355</u></u>
SUPPLEMENTAL CASH FLOW DISCLOSURES	
Interest paid	<u><u>None</u></u>
Income taxes paid	<u><u>None</u></u>

See independent accountants' review report and notes to financial statements.

LOS ALAMITOS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1 – ORGANIZATION

The Los Alamitos Education Foundation (“LAEF”) is an independent, non-profit organization providing enrichment classes and educational experiences that benefit every student, at every level, in every school in the Los Alamitos Unified School District. As the sole non-profit partner of Los Alamitos Unified School District, LAEF's vision is to measurably improve student achievement results by providing significant funding to the district in critical areas impacting all students, and educational enrichment opportunities for every student. LAEF's mission is to build durable relationships that help fund the vision, share the knowledge, and prepare every child in the district for college and beyond. LAEF works alongside Los Alamitos Unified School District to connect children with the four A's; academics, athletics, activities, and the arts.

LAEF believes that every child deserves a champion and that those champions often take the form of teachers. Through after-school K-12 programs, enrichment classes take place on campus immediately following the end of the school day. Teachers spend one hour per week enriching students in subjects including world languages, robotics, art, dance, science, technology, driver education, college essay preparation, drama, and more.

Summer Enrichment Institute (SEI) offers four weeks of education to students to offset the "summer learning loss". Small class sizes of 17 students maximum provide a jumpstart to the student's next year of learning for elementary, middle, and high school students. SEI features all research-supported measures, differentiated instruction, small working groups, high-quality instruction, aligned school year and summer curricula, engaging and rigorous content, and maximized participation and attendance. For-credit classes are offered on line to high school students in the areas of government, health, and economics.

LAEF also brings summer sports camps and summer camps in the arts to the community. Los Alamitos Unified School District coaches and directors team up with LAEF to provide camps for children from grades K-12. Camps vary in length from one week to seven weeks and take place on district campuses. Sports camps include baseball, basketball, cross country, lacrosse, soccer, tennis, track and field, volleyball, water polo and wrestling. Camps in the arts include show choir, band and dance.

LAEF generates sustainable, significant resources that can be allocated to support the goals of the Los Alamitos Unified School District. Mental Health counselors, Science, Technology, Engineering, the Arts and Math (STEAM) programs, and free elementary world language classes have been the primary purpose of grants that LAEF has given to the District. Tremendous results have been experienced through this additional instruction and support. STEAM classes and fairs take place on all nine campuses, and the district-wide STEAM showcase brings the whole community together.

LOS ALAMITOS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1 – ORGANIZATION (Continued)

LAEF believes in audacious goals and its current programs are just the beginning. As LAEF grows, the success of students and the greater community will grow. LAEF is always looking to offer more specialized classes to stay ahead of the curve on enriching minds and inspiring success. LAEF is continuing to raise funds for the District to use as needs are constantly evolving; whether it continues to be STEAM and Mental health, or a new program foreseen by District administration, staff or parents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

New Accounting Pronouncements Implemented

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenues from Contracts with Customers (Topic 606)*. The core principle of the guidance in Topic 606 is that an entity should 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 using a five-step approach. LAEF’s adoption of ASU 2014-09 does not have a material impact on LAEF’s financial statements.

In February 2020, the AICPA Accounting and Review Services Committee (ARSC) issued Statement on Standards for Accounting and Review Services (SSARS) No. 25, *Materiality in a Review of Financial Statements and Adverse Conclusions*. SSARS No. 25 amends AR-C sections 60 - *General Principles for Engagements Performed in Accordance With Statements on Standards for Accounting and Review Services*, 70 - *Preparation of Financial Statements*, 80 - *Compilation Engagements*, and 90 - *Review of Financial Statements*. SSARS 25 further converges AR-C section 90 with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements* and minimizes differences with the auditing standards regarding concepts that are consistent regardless of the level of service performed on the financial statements. SSARS No. 25 is effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021. Early implementation is permitted. LAEF’s adoption of this new standard does not have a material impact on LAEF’s financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 aims to increase transparency of contributed nonfinancial assets, commonly known as gifts-in-kind, through enhancement to presentation and disclosures. Not-for-Profit entities are required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and to disclose the disaggregation of the amount contributed nonfinancial assets recognized within the statement of

LOS ALAMITOS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements Implemented (Continued)

activities by category that depicts the type of contributed nonfinancial assets. Each category is subject to certain additional disclosures. ASU 2020-07 should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. LAEF's adoption of ASU 2020-07 does not have material impact on LAEF's financial statements.

Presentation of Net Assets

The accompanying financial statements of LAEF are prepared on the accrual basis of accounting in accordance with accounting principles accepted in the United States of America. Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has discretionary control over these resources. Board-designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net Assets Released from Donor Restrictions – Net assets are released by incurring expenses satisfying the restriction or by occurrence of other events specified by donors.

Cash and Cash Equivalents

LAEF defines cash equivalents as cash and checks available for deposit, and cash in checking accounts, along with all highly liquid investments with original maturities of three months or less.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, approximated fair value at December 31, 2021, because of the relatively short maturity of these instruments.

Property and Equipment

LAEF capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Property and equipment are capitalized at cost or at fair value at the date of donation, if donated. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging from three years for computer equipment to four years for program equipment.

LOS ALAMITOS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Grants and Contributions

LAEF recognizes contributions when cash, securities, other assets, or unconditional promise to give are received. Grants and contributions that are not restricted by the grantor or donor are reported as increases in net assets without donor restrictions. Grantor or donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with grantor or donor restrictions are reclassified to net assets without donor restrictions. Grants and donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Paycheck Protection Program

LAEF has adopted policies to recognize its Paycheck Protection Program (“PPP”) loan as revenue after requirements for loan forgiveness, established by the Small Business Administration (“SBA”), have been satisfied. These requirements are discussed in Note 6.

Program Fees

Program fees relate to tuition and fees which are recognized when earned. Tuition and fees are recorded over the terms for which they relate.

Special Events

Special events are organized to raise contributions to support LAEF’s activities. The participants of these events are offered something of value for a sum that exceeds the costs of the benefits provided to the participants. The difference between the amount paid by the donor and the fair value of the benefit received by the donor is considered a contribution. The items of value given to the donor are referred to as “cost of direct benefits to donors.” These are the actual costs of the items and services furnished to the donor to attend the special event. The cost of direct benefit to donors is presented as a line item deducted from gross special events revenue in the accompanying statement of activities.

Donated Materials and Services

If materials or other noncash contributions are received through donation, their value is reflected in the accompanying statement of activities at their estimated fair market value at the date of receipt. Contribution of services are recognized if the services received create or enhance nonfinancial assets, require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis of deriving their value.

LOS ALAMITOS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and support services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and support services benefited.

Income Taxes

LAEF is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Therefore, no provision has been made for income taxes.

LAEF evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. Management does not believe LAEF has any uncertain tax positions requiring accrual or disclosure. LAEF is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842) (ASU 2016-02)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022. LAEF is currently evaluating the impact of the adoption of the new standard on the financial statements.

NOTE 3 – INVESTMENT IN SHARE CERTIFICATES

LAEF has five share certificates with terms from 6 months to 2 years. The total of these certificates of deposits is \$244,525 at December 31, 2021.

LOS ALAMITOS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 4 – FIXED ASSETS

Property and equipment consists of the following at December 31, 2021:

Property equipment	\$ 10,623
Computer equipment	2,468
	<u>13,091</u>
Less: Accumulated depreciation	(13,091)
Net property and equipment	<u>\$ -</u>

There is no depreciation expense for the year ended December 31, 2021.

NOTE 5 – DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2021:

Tuition fees received in advance for the Spring 2021 school term	\$ 192,946
Monies received for fundraising events that will take place in 2021	35,085
	<u>\$ 228,031</u>

NOTE 6 – PAYCHECK PROTECTION PROGRAM

In February 2021, LAEF received a Second Draw PPP loan in the amount of \$97,060. Second Draw PPP loans qualify for loan forgiveness if during the 8 to 24-week covered period following loan disbursement:

- employee and compensation levels are maintained in the same manner as required for the First Draw PPP loan,
- the loan proceeds are spent on payroll costs and other eligible expenses, and;
- at least 60% of the proceeds are spent on payroll costs.

Since LAEF met all the requirements stated above, the Second Draw PPP loan totaling \$97,060 was forgiven by the Small Business Administration on July 7, 2021.

LOS ALAMITOS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 7 – PROGRAM FACILITIES

As discussed in Note 1, LAEF was established for the benefit of students and families of the Los Alamitos Unified School District. On June 22, 2021, LAEF and the Los Alamitos Unified School District negotiated a Memorandum of Understanding for the fiscal year 2021-2022. The degree to which LAEF will be obligated to reimburse the district for the usage of facilities was established at an amount of \$80,000 payable in four equal payments of \$20,000 each. All payments were made timely through the date of this report.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2021:

Amy Davidson Scholarship Fund	\$ 25,907
Cross Family Scholarship	3,373
Dr. Robert Briggerman Memorial Scholarship	2,350
Erik Bowman Memorial Fund	2,550
Feb Fundraising	450
Finance of America CARES	5,000
Friends of Rossmoor School	17,312
Gregg Stone Book Tour	5,000
Pat Ramsburg Memorial Fund	4,945
Project SEEK	23,319
Residents for Excellent Schools	11,856
Roosters Fdn of Orange County	2,000
Stephanie Davidson Scholarship Fund	1,730
Walter Hauenstein Memorial Fund	2,885
	<u>\$ 108,677</u>

LOS ALAMITOS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31, 2021:

Amy Davidson Scholarship Fund	\$	1,500
Class of 1979 - Griffins Give Back		2,000
Cross Family Scholarship		500
Diversity Excellence Scholarship		2,000
Dr. Robert Briggerman Memorial Scholarship		200
Dr. Robert Briggerman World Language Fund		100
Erik Bowman Memorial Fund		400
Feb Fundraising		500
Feb Fundraising		100
Feb Fundraising		4,260
Feb Fundraising		325
Friends of Rossmoor School		43,773
Grant Turner Memorial Scholarship		1,000
Griffin Football Foundation		2,500
Jusdeep Sethi Legacy Scholarship		6,000
Pat Ramsburg Memorial Fund		2,000
Mehta Family Compassion Scholarship		1,000
Miller Foundation		1,000
Principal's Impact Award		500
Project SEEK		49,344
Stephanie Davidson Scholarship Fund		7,000
		\$ 126,002

NOTE 9 – CONCENTRATION RISKS AND UNCERTAINTIES

Credit Risk

LAEF maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per owner. Management believes that it has invested in high credit, quality institutions for which LAEF has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these accounts.

LOS ALAMITOS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 9 – CONCENTRATION RISKS AND UNCERTAINTIES (Continued)

Program Risk

LAEF is the sole partner of the Los Alamitos Unified School District (LAUSD) and as such draws a large amount of income from the programs associated with the LAUSD. If LAEF were to lose this partnership, LAEF would need to reduce the scope of its operating activities. LAEF's income from program fees totaled \$999,460 which is 68% of total revenues for the year ended December 31, 2021.

Uncertainties

On June 15, 2021, the California Governor temporarily lifted certain COVID-19 restrictions and put in place a new public health order. However, any changes in the COVID-19 pandemic could be subject to the Governor reinstating certain public restrictive guidelines including shuttering public events and other services. The effect of any changes could have an uncertain impact on the LAEF's financial position and net activities.

NOTE 10 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions, limiting their use, within one year of December 31, 2021, comprise the following:

Total financial assets:	
Cash and cash equivalents	\$ 547,355
Investments in certificates of deposit	244,525
Financial assets, at year end	<u>791,880</u>
Less:	
Deferred revenue	(228,031)
Donor-imposed restrictions	<u>(108,677)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 455,172</u>

LAEF maintains a policy of structuring its financial assets to be available as general expenditures, liabilities, and other obligations come due.

In addition to financial assets available to meet general expenditures over the next 12 months, LAEF operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-imposed restrictions.

LOS ALAMITOS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 25, 2022, the date the financial statements were available to be issued.