Weingart Center Association and Subsidiaries

Consolidated Financial Statements

April 30, 2021
(With Comparative Totals for 2020)

armanino

TABLE OF CONTENTS

armanino

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Weingart Center Association and Subsidiaries
Los Angeles, California

We have audited the accompanying consolidated financial statements of Weingart Center Association (a California corporation) and Subsidiaries (a California nonprofit corporation) (the "Organization"), which comprise the consolidated statement of financial position as of April 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Weingart Center Association (a California corporation) and Subsidiaries as of April 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adjustments to Prior Period Financial Statements

The financial statements of Weingart Center Association as of April 30, 2020, were audited by other auditors whose report dated April 7, 2021, expressed an unmodified opinion on those statements. As discussed in Note 18, the Organization determined that, as of April 30, 2020, the Organization accounted for two investments over which it had control as equity investments, rather than as consolidated entities. In addition, the Organization reflected releases from net assets for expenditures made related to construction as the expenditures were made, rather than when placed in service.

As part of our 2021 consolidated financial statements, we also audited adjustments described in Note 18 that were applied to restate the 2020 consolidated financial statements. The adjustments impacted several accounts in the statement of financial position. The adjustments did not impact the total change in net assets. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole, which have been presented in a summarized format.

Armanino LLP

Armanino LLP
Los Angeles, California

November 30, 2022

Weingart Center Association and Subsidiaries
Consolidated Statement of Financial Position
April 30, 2021
(With Comparative Totals for 2020)

	2021	(Restated - See Note 18) 2020
ASSETS		
Current assets		
Cash	$ 1,733,137	$ 4,131,803
Accounts receivable	3,317,407	2,173,294
Pledges receivable	622,278	378,050
Prepaid expenses	576,692	338,723
Investments	5,839,994	5,104,740
Total current assets	12,089,508	12,126,610
Property and equipment, net	43,636,693	20,926,799
Total assets	$ 55,726,201	$ 33,053,409
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 2,005,516	$ 657,413
Accrued liabilities	1,157,655	1,408,656
Forgivable debt, current portion	156,552	84,632
Total current liabilities	3,319,723	2,150,701
Long-term liabilities		
Notes payable	23,450,000	4,450,000
Paycheck Protection Program loan	1,451,400	1,451,400
Forgivable debt, net of current portion	508,329	736,801
Due to general partner	2,501,570	860,510
Total long-term liabilities	27,911,299	7,498,711
Total liabilities	31,231,022	9,649,412
Net assets		
Without donor restrictions	17,565,240	16,884,923
With donor restrictions	6,929,939	6,519,074
Total net assets	24,495,179	23,403,997
Total liabilities and net assets	$ 55,726,201	$ 33,053,409

The accompanying notes are an integral part of these consolidated financial statements.

Weingart Center Association and Subsidiaries
Consolidated Statement of Activities
For the Year Ended April 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues, gains, and other support				
Government grants and contributions	$ 15,899,413	$ -	$ 15,899,413	$ 11,668,792
Private support	481,248	527,500	1,008,748	1,296,362
Lease and rentals	1,253,146	-	1,253,146	1,221,371
Fundraising and special events	186,260	-	186,260	219,670
Other revenue	146,663	-	146,663	146,018
In-kind contributions	32,112	-	32,112	90,387
Net assets released from restriction	116,635	(116,635)	-	-
Total revenues, gains, and other support	18,115,477	410,865	18,526,342	14,642,600
Functional expenses				
Residential services	16,139,287	-	16,139,287	12,119,241
Support services				
Management and general	2,261,121	-	2,261,121	2,532,124
Fundraising	236,550	-	236,550	241,455
Total support services	2,497,671	-	2,497,671	2,773,579
Total functional expenses	18,636,958	-	18,636,958	14,892,820
Change in net assets from operations	(521,481)	410,865	(110,616)	(250,220)
Non-operating				
Investment income, net	693,493	-	693,493	70,975
Loan amortization	156,552	-	156,552	191,439
Insurance recovery	351,753	-	351,753	-
Total non-operating	1,201,798	-	1,201,798	262,414
Change in net assets	680,317	410,865	1,091,182	12,194
Net assets, beginning of year, as restated (See Note 17)	16,884,923	6,519,074	23,403,997	23,391,803
Net assets, end of year	$ 17,565,240	$ 6,929,939	$ 24,495,179	$ 23,403,997

The accompanying notes are an integral part of these consolidated financial statements.

Weingart Center Association and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended April 30, 2021
(With Comparative Totals for 2020)

	Residential Services	Management and General	Fundraising	2021 Total	2020 Total
Personnel expenses	$ 8,852,427	$ 1,493,624	$ 110,557	$ 10,456,608	$ 8,528,422
Outside services	1,927,360	505,725	54,556	2,487,641	1,962,233
Repairs and maintenance	2,233,771	-	-	2,233,771	1,288,212
Depreciation	731,602	49,196	-	780,798	780,770
Office supplies	777,711	65,671	21,129	864,511	745,092
Utilities	631,525	3,703	872	636,100	570,794
Meals and entertainment	518,172	-	-	518,172	505,883
Other costs	238,407	72,603	23,762	334,772	171,989
Insurance	176,840	10,076	-	186,916	156,967
Rent	14,595	44,540	6,608	65,743	64,475
Promotion and business development	7,913	2,270	7,863	18,046	53,347
Training and personnel	5,081	13,039	3,109	21,229	38,349
Travel	23,883	674	8,094	32,651	26,287
	$ 16,139,287	$ 2,261,121	$ 236,550	$ 18,636,958	$ 14,892,820

The accompanying notes are an integral part of these consolidated financial statements.

Weingart Center Association and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended April 30, 2021
(With Comparative Totals for 2020)

	2021	(Restated - See Note 18) 2020
Cash flows from operating activities		
Change in net assets	$ 1,091,182	$ 12,194
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	780,798	780,770
Loss (gain) on investments	(635,453)	9,513
EHAP loan amortization	(143,942)	(176,307)
CDBG loan amortization	(12,610)	(15,132)
Dividends reinvested, net of fees	(97,448)	(65,668)
Grant from City of Los Angeles for acquisition costs	(166,018)	-
Changes in operating assets and liabilities		
Accounts receivable	(1,144,113)	(688,706)
Pledges receivable	(244,228)	(175,000)
Prepaid expenses	(237,969)	(23,641)
Accounts payable	1,348,103	6,290
Accrued liabilities	(251,001)	306,708
Net cash provided by (used in) operating activities	287,301	(28,979)
Cash flows from investing activities		
Purchases of investments	(2,353)	(1,000,000)
Proceeds from sale of investments	-	1,000,000
Purchases of property and equipment	(5,324,674)	(6,012,432)
Net cash used in investing activities	(5,327,027)	(6,012,432)
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	-	1,451,400
Proceeds from notes payable	1,000,000	-
Advances from related party	1,641,060	646,028
Net cash provided by financing activities	2,641,060	2,097,428
Net decrease in cash	(2,398,666)	(3,943,983)
Cash, beginning of year	4,131,803	8,075,786
Cash, end of year	$ 1,733,137	$ 4,131,803

Supplemental schedule of noncash investing and financing activities

Property acquired through issuance of promissory note to the City of Los Angeles	$ 18,000,000	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION

The mission of the Weingart Center Association, Inc. ("the Center") is to empower and transform lives by delivering innovative solutions to combat poverty and break the cycle of homelessness.

The Center was established in 1983 through collaboration between the Weingart Foundation, Volunteers of America, the City of Los Angeles, and the Federal Urban Development Action agency. In 1984, it formally became the Center, a grassroots 501(c)(3) nonprofit organization with a strong business orientation, sound leadership, and an extraordinary mission. The Center is recognized as the most comprehensive "one-stop" service center for homeless men and women in the Western United States.

The Center operates a 600-bed transitional housing facility located in the heart of Los Angeles' "Skid Row". It is a multi-service agency providing a full spectrum of services for individuals who are homeless or at risk for homelessness. The Center's primary objective is to provide a broad range of comprehensive services that enable thousands of homeless individuals to lead productive, self-sufficient lives off the streets permanently. The Center collaborates with other private and public agencies, ensuring clients receive access to a wide range of other resources that are available to them to help increase their chances of making the permanent changes necessary for them to become self-sufficient. This unique strategy successfully links services that address the immediate needs of the homeless population, such as transitional housing, emergency shelter, on-site health care, education, vocational training, employment, mental health, recovery services, and food and safety. In addition to transitional programs and services, the Center provides supportive services, including a community based medical clinic; hot meals for resident clients served in Skid Row's largest cafeteria; recuperative care for persons that are recovering from illness, injury, or surgery, and do not have medical insurance to stay in hospitals; and a temporary shelter that serves as an alternative to sleeping on the streets. The Center provides direct services to more than 20,000 economically disadvantaged individuals and families per year.

The Center continuously seeks government contracts and private grants to expand and enhance the services it offers to the community. The Center evaluates the impact of its programs through various measures such as job retention rates, housing retention rates, and the rates of improvement in the health and the self-determination of its clients throughout their residency and long-term follow-up care. In the past 34 years, the Center has enabled over 150,000 men, women, and their families to permanently exit the streets and return to lives of self-sufficiency with permanent jobs and permanent housing.

In 2006, WCA Development Corporation ("WDC"), a nonprofit public benefit corporation, was organized as a supporting organization of the Center. In the fiscal year ended April 30, 2012, WDC officially began operations.

The Center has created a number of Limited Liability Companies and Limited Partnerships for the purpose of acquiring, developing, and operating affordable rental housing developments for low-income persons.

1. ORGANIZATION (continued)

Generally accepted accounting principles provide guidance for the reporting and disclosure of financially interrelated organizations. Based upon the nature of the relationship between the Center, WDC (California Nonprofit Corporation), and Limited Liability Companies and Limited Partnerships, consolidated financial statements are presented. These organizations together will be collectively referred to as "WCA".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended April 30, 2020, from which the summarized information was derived.

Principles of consolidation

The consolidated financial statements include the accounts of the Center, WDC, 600 San Pedro LP, 11010 SMB LP, Weingart Beacon LLC, WC Broadway LP, Weingart Tower LP, and Weingart Tower II LP. The Center and WDC are consolidated since the Center has the legal right to appoint the board of directors for WDC and therefore has control. 600 San Pedro LP, 11010 SMB LP, Weingart Beacon LLC, and WC Broadway LP are consolidated since the Center maintains 100% interest in these organizations. Weingart Tower LP and Weingart Tower II LP are consolidated since the Center has control of the entities as the managing general partner. All inter-organization transactions have been eliminated.

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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 (or certain grantor) restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets (continued)

With Donor Restrictions - Net assets subject to donor or certain grantor-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.

Accounts receivables

Accounts receivable are recorded when billed or accrued. Accounts receivable primarily represent receivables from governmental agencies and are deemed fully collectible. Therefore, no allowance for doubtful accounts has been provided.

Contributions and pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments

Investments consist of fixed income and money market funds at a security institution. WCA values its investments at fair value. Gains or losses (including investments bought, sold, and held during the year) are included in the Consolidated Statements of Activities under other revenue.

Fair value measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when consolidated financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

Level 3 inputs - estimates using the best information available when there is little or no market

WCA is required to measure certain investments, pledged contributions, and non-cash contributions at fair value. The specific techniques used to measure fair value for these consolidated financial statement elements are described in the notes below that relate to each element.

Concentration of credit risks

WCA places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. However, WCA performs ongoing evaluations of the commercial bank to limit its concentration of credit risk.

The primary receivable balances outstanding at April 30, 2021 and 2020 consist of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to the government contract receivables is limited, as these receivables consist of earned fees from contract programs.

WCA holds investments in the form of fixed income assets, equities, and short-term money market investments. The Board of Directors routinely reviews market values of such investments and the credit ratings of the bond issuers.

Property and equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than three years.

Donated materials and services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the years ended April 30, 2021 and 2020, WCA recorded in-kind donations of $32,112 and $90,387, respectively (see Note 10).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and revenue recognition

WCA recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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.

A portion of WCA's revenue is derived from cost-reimbursable state, county, or local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when WCA has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. WCA received cost-reimbursable grants of $7,755,736 and $572,771 that have not been recognized at April 30, 2021 and 2020 because qualifying expenditures have not yet been incurred. No amounts have been received in advance under our federal, county, or local contracts and grants.

WCA recognizes lease and rental income based on occupancy and in accordance with rental agreements with leasees.

Functional allocation of expenses

Costs of providing WCA's programs and other activities have been presented in the Consolidated Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. WCA uses salary dollars, square footage, and other methodologies to allocate indirect costs.

Income tax

WCA is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by WCA in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. WCA returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the periods presented. Actual results could differ from those estimates.

Reclassifications

In order to conform the current year financial statement presentation, certain reclassifications were made to the prior year consolidated financial statements to conform to the current year consolidated financial statements.

Subsequent events

WCA has evaluated events subsequent to April 30, 2021, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through November 30, 2022, the date the consolidated financial statements were available to be issued. Subsequent events occurred that require additional disclosure in the consolidated financial statements are described in Note 6 and 10.

3. PLEDGES RECEIVABLE

Pledges receivable are recorded as support when pledged unless designated otherwise. All pledges are valued at estimated fair value at April 30, 2021 and 2020, and are deemed fully collectible. Pledges receivable at April 30, 2021 of $622,278 are expected to be collected within one year.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2021	2020
Land	$ 24,659,205	$ 10,285,385
Buildings	26,910,698	23,638,400
Equipment	3,735,195	2,943,745
Construction in progress	7,162,842	2,177,286
	62,467,940	39,044,816
Accumulated depreciation	(18,831,247)	(18,118,017)
	$ 43,636,693	$ 20,926,799

5. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of April 30, 2021:

	Level 1	Level 2	Level 3	Fair Value
Money market funds	$ 389,323	$ -	$ -	$ 389,323
Fixed income	-	2,621,245	-	2,621,245
Equities	2,829,427	-	-	2,829,427
	$ 3,218,750	$ 2,621,245	$ -	$ 5,839,995

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of April 30, 2020:

	Level 1	Level 2	Level 3	Fair Value
Money market funds	$ 1,004,602	$ -	$ -	$ 1,004,602
Fixed income	-	2,316,821	-	2,316,821
Equities	1,783,317	-	-	1,783,317
	$ 2,787,919	$ 2,316,821	$ -	$ 5,104,740

Activity in the investments during the year was as follows:

	2021	2020
Balance, beginning of year	$ 5,104,740	$ 5,048,585
Dividends and interest income	118,516	80,488
Gain (loss) on investments	635,454	(9,513)
Investment management fees	(21,068)	(14,820)
Purchases of investments	2,353	1,000,000
Sale of investments	-	(1,000,000)
Balance, end of year	$ 5,839,995	$ 5,104,740

6. HOUSING DEVELOPMENT PROJECTS

Weingart Towers

On February 17, 2017, WC Tower LLC, a California limited liability company wholly owned by the Center, a California nonprofit corporation, along with CIC Weingart Tower LLC, a California limited liability company, and Sage Too Investment Corporation, a California corporation, filed an Articles of Organization for Weingart Tower LP, a California limited Partnership ("the Tower Partnership"), with the Secretary of State of California. WC Tower LLC, CIC Weingart Tower LLC, and Sage Too Investment Corporation, entered into an Operating Agreement. The Tower Partnership's primary purpose shall be to acquire, construct, own, hold for investment, operate, manage, lease, or sell an affordable rental housing development for low-income persons. Per the agreement, WC Tower LLC is the "Managing General Partner," CIC Weingart Tower LLC is the "Administrative General Partner," and Sage Too Investment Corporation is the "Initial Limited Partner" of the Partnership. Per operating, agreement all profits, losses and distributions shall be shared 1% by the Managing General Partner, 1% by the Administrative General Partner, and 98% by the Initial Limited Partner.

On October 17, 2017, WC Towers II LLC, a California limited liability company wholly owned by the Center, a California nonprofit corporation, along with CIC Weingart Tower II LLC, a California limited liability company, and Sage Too Investment Corporation, a California corporation, filed an Articles of Organization for Weingart Tower II LP, a California limited Partnership ("the Tower II Partnership"), with the Secretary of State of California. WC Tower II LLC, CIC Weingart Tower II LLC, and Sage Too Investment Corporation, entered into an Operating Agreement. The Tower II Partnership's primary purpose shall be to acquire, construct, own, hold for investment, operate, manage, lease, or sell an affordable rental housing development for low-income persons. Per the agreement, WC Tower II LLC is the "Managing General Partner," CIC Weingart Tower II LLC is the "Administrative General Partner," and Sage Too Investment Corporation is the "Initial Limited Partner" of the Partnership. Per operating, agreement all profits, losses and distributions shall be shared 1% by the Managing General Partner, 1% by the Administrative General Partner, and 98% by the Initial Limited Partner.

On September 2, 2021, Weingart Tower LP completed the closing of construction financing of approximately $76 million for the project.

On September 2, 2021, Weingart Tower II LP completed the closing of construction financing of approximately $75 million for the project.

Beacon

On November 18, 2020, the Organization was selected by the City of Los Angeles to acquire and operate a hotel property located on 7th Street in Los Angeles, which the Organization will operate as 91 beds of interim housing. The property was acquired from the City for approximately $18,000,000. The Organization has established a separate entity, Weingart Beacon LLC, which holds title to the property.

6. HOUSING DEVELOPMENT PROJECTS (continued)

11010 SMB LP

In June 2021, this entity entered into a 99-year ground lease with the City of Los Angeles for the land at this site and obtained approximately $28 million in financing for construction of 50 units of low-income housing, plus a manager's unit. The financing consists of a loan issued by the City of Los Angeles for $16,753,367, funded through general obligation municipal bonds, a $7,000,000 residual receipts loan from the City of Los Angeles Proposition HHH bonds, tax credit financing of approximately $1.3 million and a Federal Home Loan Bank Affordable Housing Program (AHP) loan of $750,000 through Wells Fargo Bank, along with other smaller sources. The project is subject to terms and conditions customary of this type of financing, including regulatory agreements that require 25 units to be used as permanent supportive housing for chronically homeless individuals and requires 50 units to be occupied by households with income of 30% of less of the area median. The regulatory agreement is in effect for 55 years. The Organization was allocated developer fees of $735,135 as part of the arrangement. Construction is now largely completed and management expects the project to be available for occupancy by the end of 2022.

600 San Pedro LP

The Organization has been selected for certain awards that will contribute to financing this project, including $30 million in No Place Like Home funding from the County of Los Angeles. To date, the Organization has not yet closed on the funding and the only activity has been the acquisition of the property, the loan (see Note 10) and predevelopment activities.

7024 Broadway

The Organization has been selected for certain awards that will contribute to financing this project. To date, the Organization has not yet closed on the funding and predevelopment activities are in the early stage.

Homekey projects

The Organization has also established new entities, Weingart Willows, LLC (Vermont Avenue) and Weingart Greenleaf LLC (Whittier Blvd.). The projects are funded through $19,520,000 and $37,300,000 in Project Homekey grant funds. Willows is being redeveloped into 53 units of supportive housing and Greenleaf is being redeveloped into 101 units of permanent supportive housing. The Organization has partnered with Valued Housing to complete these projects.

Weingart Alvaere

The Organization has established three new limited partnerships and single members LLC for the development of this 303-unit project which will include permanent supportive housing, senior housing and family housing. The project will be financing through tax credit financing. The Organization is a partner with Related California on these projects.

7. ACCRUED LIABILITIES

Accrued liabilities consisted of the following:

	2021	2020
Accrued salaries	$ 174,222	$ 501,326
Accrued vacation	233,836	257,732
Other accrued liabilities	749,597	649,598
	$ 1,157,655	$ 1,408,656

8. LINE OF CREDIT

WCA currently has a line of credit in the amount of $500,000, with a bank, with variable interest rate currently at 4.75% per annum, due December 2021. WCA had no outstanding balance on the line of credit at April 30, 2021 and 2020.

9. FORGIVABLE DEBT

WCA received conditional promises to give to acquire, construct or rehabilitate sites for emergency shelters, transitional housing, and safe haven facilities for homeless persons. The amounts received are treated as forgivable debt on the accompanying consolidated statement of financial position. Revenue is recognized over the term of the forgivable loans and as conditions are substantially met. The outstanding balance of the two notes below at April 30, 2021 and 2020 was $664,881 and $821,433, respectively. Amortization of the loan for the year ended April 30, 2021 and 2020 was $156,552 and $191,439, respectively.

• On August 30, 2017, WCA received a $75,675 forgivable loan through the Community Development Block Grant ("CDBG"). The loan term is for 5 years (60 months) and WCA will record the amortization of the forgivable loan over the 60-month term. The outstanding balance at April 30, 2021 and 2020 was $20,191 and $35,323, respectively.

• WCA received a $990,000 forgivable loan through the Emergency Housing Assistance Program ("EHAP"). The loan term is for 7 years (84 months) and WCA will not start to record the amortization of the forgivable loan over the 84-month term until the project is complete. The outstanding balance at April 30, 2021 and 2020 was $644,690 and $786,110, respectively.

9. FORGIVABLE DEBT (continued)

The forgivable debt will be amortized as follows:

Year ending April 30,	
2022	$ 156,552
2023	146,479
2024	141,420
2025	141,420
2026	79,010
	664,881
Current portion	(156,552)
	$ 508,329

10. NOTES PAYABLE

On April 6, 2018, WCA signed a note with a bank in the amount of $4,450,000. The loan is secured by a property and bears an interest of 4.25% per annum. The note matures in May 2023. The loan stipulates monthly interest payments with the full sum of unpaid principal due in July 2022. The outstanding balance at April 30, 2021 and 2020 was $4,450,000. The Center is the guarantor of the loan.

On September 30, 2020, Weingart Tower LP signed two notes totaling $1,000,000 with another not-for-profit organization. The loans are unsecured and bears interest at 6.35% and 2.90% per annum, respectively. The loans mature in October 2022 and stipulate monthly interest payments with the full sum of unpaid principal due in October 2022. The Center and Chelsea Investment Corporation, a related party, are the guarantors of the loan.

On December 21, 2020, Weingart Beacon LLC received $18,000,000 from the City of Los Angeles to acquire a 91-bed hotel that will be initially operated as interim housing then converted to permanent housing. The loan has 0% interest accruing during the term of the Note, and a full balloon payment of the principal amount of the Note due upon the earlier of (a) closing of construction financing for conversion to permanent housing, or (b) five years from execution of the Note.

The future maturities of the notes payable are as follows:

Year ending April 30,	
2023	$ 5,450,000
2026	18,000,000
	$ 23,450,000

11. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, WCA received loan proceeds in the amount of $1,451,400 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 twenty-four 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 twenty-four-week period. WCA has accounted for the PPP loan in accordance with the Financial Accounting Standard's Board's Accounting Standards Codification 470 as debt.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with deferral of payments for the first six months. In September 2021, WCA received forgiveness from the SBA for $573,840. The remaining balance on the PPP loan and accrued interest will be repaid with monthly payments through April 2025.

12. RETIREMENT PLAN

WCA has a retirement plan that provides benefits to eligible employees. Employees are eligible to participate after full year of employment and are 21 years of age or older. All qualifying employees are fully vested immediately. WCA matches 100% of employee contributions up to 3%, and an additional 50% of the next 2%. The matching contributions made by WCA were $95,373 and $82,935 to the plan for the years ended April 30, 2021 and 2020, respectively.

13. COMMITMENTS AND CONTINGENCIES

Operating leases

WCA leases office space that expires in September 2023. Rent expense for the year ended April 30, 2021 was $51,148.

The scheduled minimum lease payments under the lease terms are as follows:

Year ending April 30,	
2022	$ 51,817
2023	53,369
2024	22,510
	$ 127,696

13. COMMITMENTS AND CONTINGENCIES (continued)

Rental income under operating leases

WCA receives rental income for portions of its facilities leased under long-term arrangements with lease terms expiring through April 2024.

The future scheduled minimum rental income under the lease terms is as follows:

Year ending April 30,	
2022	$ 1,282,504
2023	1,288,436
2024	850,509
	$ 3,421,449

Risks and uncertainties

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter-in-place orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter-in-place orders.. It is at least reasonably possible that this matter will negatively impact WCA. However, the financial impact and duration of this disruption cannot be reasonably estimated at this time.

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at April 30, 2021 and 2020 consist of the following:

	2021	2020
Acquisition and rehab of new properties	$ 942,366	$ 2,585,460
Construction in progress	5,057,634	3,414,540
Pre-development	250,000	250,000
Rehabilitation of 566 South San Pedro	192,439	243,005
Workforce development	-	26,069
Case managers	37,500	-
Santa Monica project	325,000	-
Time restriction	125,000	-
	$ 6,929,939	$ 6,519,074

14. NET ASSETS WITH DONOR RESTRICTIONS (continued)

For the year ended April 30, 2021 and 2020, net assets released from restrictions were $116,635 and $572,086, respectively.

15. DONATED FOOD

During the years ended April 30, 2021 and 2020, WCA received donated food from the Los Angeles Regional Food Bank and private sources with values of approximately $0 and $65,584, respectively. This donated food is included in in-kind contributions and recorded for the same amount under food and beverages (program expenses).

16. LIQUIDITY AND AVAILABILITY OF RESOURCES

WCA regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. WCA has various sources of liquidity at its disposal, including cash and cash equivalents, fixed income, and equity securities. A majority of WCA's funds come from renewing grant contracts for program specific purposes.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, WCA considers all expenditures related to its ongoing activities and the pattern of income from grants, contracts, fundraising, and investments.

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

As of April 30, 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash	$ 1,733,137
Accounts receivable	3,317,407
Pledges receivable	622,278
Investments in marketable securities	5,839,994
	11,512,816
Less net assets with donor restrictions	(6,929,939)
	$ 4,582,877

17. FACILITIES FLOOD

In January 2020, a plumbing issue caused a flood in the Center's headquarters. The Center maintained insurance which covered such losses (including business interruption). In 2021, the Center received insurance proceeds of $351,753, which has been recognized as a gain in the accompanying consolidated statement of activities. All assets impacted by the flood have been fully depreciated.

18. RESTATEMENT

In previous years, the Organization had a practice of releasing net assets restricted for capital improvements as the expenditures occurred, rather than when the improvements were placed in service. Management has concluded that, due to the requirements of GAAP to release funds for capital projects only when the project has been placed in service, a portion of these funds should not yet have been presented as released. The funds were utilized as intended by the donor, but certain projects have not yet been completed. In addition, management has determined that the Organization has control over Weingart Tower LP and Weingart Tower II LP and that these entities were not properly consolidated at April 30, 2020. As a result, certain previously reported amounts in the statement of financial position at April 30, 2020 have been restated. There were no adjustments impacting total changes in net assets.

The following table shows the impact of these restatements as of April 30, 2020:

	Accounts Receivable	Land	Buildings	Construction in Progress	Investment in Weingart Tower	Due to general partner	Net assets without Donor Restrictions	Net assets with Donor Restrictions
As previously reported, April 30, 2020	$ 2,173,094	$10,235,385	$ 23,638,400	$ -	$ 1,366,776	$ -	$20,299,263	$ 3,104,534
Consolidation of Weingart Tower LP and Weingart Tower II LP	200	50,000	-	2,177,286	(1,366,776)	(860,510)	200	-
Reclassification of construction in progress	-	-	-	-	-	-	(3,414,540)	3,414,540
As restated, April 30, 2021	$ 2,173,294	$10,285,385	$ 23,638,400	$ 2,177,286	$ -	$ (860,510)	$16,884,923	$ 6,519,074