SHAREWELL
(A CALIFORNIA NONPROFIT CORPORATION)

FINANCIAL STATEMENTS

June 30, 2020
(With Comparative Totals for 2019)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
ShareWell

Report on the Financial Statements

We have audited the accompanying financial statements of ShareWell (the Organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Recently Adopted Accounting Standard

As discussed in Note 2, during the year ended June 30, 2020, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Impact Coronavirus (COVID-19)

As discussed in Note 2 to the financial statements, effective March 12, 2020, the Organization's management announced the temporary closure of the Organization's museum operations in response to the COVID-19. The impacts of COVID-19 may have a material adverse impact on its results of operations, financial position, and cash flows.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the 2019 audited financial statements from which it has been derived.

Windes, Inc.

Long Beach, California
March 9, 2021

SHAREWELL
(A California Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

ASSETS

	2020	2019
ASSETS		
Cash and cash equivalents	$ 725,080	$ 1,332,661
Investments	505,013	505,351
Contributions receivable, net	5,161,209	6,854,783
Prepaid expenses	39,990	41,732
Property and equipment, net	11,172,865	12,330,449
TOTAL ASSETS	$ 17,604,157	$ 21,064,976

LIABILITIES AND NET ASSETS

	2020	2019
LIABILITIES		
Accounts payable and accrued liabilities	$ 475,520	$ 3,595,185
Deferred revenue	171,656	113,364
Line of credit	75,000	75,000
Paycheck protection program loan	390,400	-
Deferred rent	838,868	-
Notes payable, net	4,414,647	4,501,137
TOTAL LIABILITIES	6,366,091	8,284,686
COMMITMENTS AND CONTINGENCIES (Note 13)		
NET ASSETS		
Without donor restrictions		
Undesignated	10,419,670	11,897,430
Board designated	505,013	505,351
	10,924,683	12,402,781
With donor restrictions	313,383	377,509
TOTAL NET ASSETS	11,238,066	12,780,290
TOTAL LIABILITIES AND NET ASSETS	$ 17,604,157	$ 21,064,976

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

SHAREWELL
(A California Nonprofit Corporation)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Contributions	$ 1,825,290	$ -	$ 1,825,290	$ 6,959,469
Foundation and corporate grants	773,207	-	773,207	120,450
Government grants and contracts	43,110	-	43,110	20,900
Admissions and program revenue	1,381,752	-	1,381,752	400,898
Membership dues	221,130	-	221,130	78,923
Special events, net	626,703	-	626,703	617,438
Donated services	355,347	-	355,347	205,331
Investment gains, net	15,387	-	15,387	38,337
Loss on contribution receivable	(600,000)	-	(600,000)	-
Other income	92,665	-	92,665	-
Net assets released from restrictions	64,126	(64,126)	-	-
TOTAL REVENUE AND SUPPORT	4,798,717	(64,126)	4,734,591	8,441,746
EXPENSES				
Program services				
Museum	4,653,921	-	4,653,921	1,787,256
youTHink	365,635	-	365,635	476,041
Total program services	5,019,556	-	5,019,556	2,263,297
Supporting services				
Management and general	540,481	-	540,481	298,755
Fundraising	716,778	-	716,778	661,516
Total supporting services	1,257,259	-	1,257,259	960,271
TOTAL EXPENSES	6,276,815	-	6,276,815	3,223,568
CHANGE IN NET ASSETS	(1,478,098)	(64,126)	(1,542,224)	5,218,178
NET ASSETS, BEGINNING OF YEAR	12,402,781	377,509	12,780,290	7,562,112
NET ASSETS, END OF YEAR	$ 10,924,683	$ 313,383	$ 11,238,066	$ 12,780,290

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

SHAREWELL
(A California Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020							2019
	Program Services			Support Services				
	Museum Programs	youTHink Programs	Total Program Services	Management and General	Fundraising	Total Support Services	Total	Total
Payroll	$ 1,260,196	$ 105,015	$ 1,365,211	$ 123,984	$ 261,079	$ 385,063	$ 1,750,274	$ 1,476,107
Payroll taxes and employee benefits	303,665	25,302	328,967	29,528	63,272	92,800	421,767	357,849
TOTAL PERSONNEL COSTS	1,563,861	130,317	1,694,178	153,512	324,351	477,863	2,172,041	1,833,956
Bank fees	35,340	-	35,340	-	35,342	35,342	70,682	28,946
Facilitators and performers	26,660	13,380	40,040	-	-	-	40,040	36,702
Information technology and data	27,223	16,954	44,177	28,254	19,468	47,722	91,899	59,537
Insurance	14,115	1,176	15,291	4,617	2,941	7,558	22,849	11,240
Interest expense	234,819	-	234,819	-	263	263	235,082	34,825
Legal fees	-	-	-	173,127	-	173,127	173,127	205,331
Marketing	21,588	25,069	46,657	718	21,549	22,267	68,924	17,060
Materials and supplies	66,466	2,080	68,546	10,432	1,515	11,947	80,493	104,390
Meals and hospitality	12,951	1,964	14,915	4,416	2,284	6,700	21,615	19,255
Miscellaneous	917	-	917	1,455	-	1,455	2,372	8,111
Museum rent	787,976	68,948	856,924	31,071	98,497	129,568	986,492	178,024
New site expenses	-	-	-	-	-	-	-	54,439
Occupancy expense	345,486	9,930	355,416	7,402	11,825	19,227	374,643	13,003
Offsite facilities rentals	-	7,310	7,310	-	-	-	7,310	15,906
Postage	258	-	258	234	992	1,226	1,484	3,541
Printing	20,425	2,193	22,618	1,462	15,348	16,810	39,428	33,406
Professional development and training	25,907	148	26,055	4,705	910	5,615	31,670	9,627
Professional fees	158,818	41,955	200,773	79,123	121,265	200,388	401,161	365,626
Repairs and maintenance	34,082	-	34,082	363	-	363	34,445	625
Signage	3,033	-	3,033	-	-	-	3,033	-
Store inventory	65,640	-	65,640	-	-	-	65,640	63,879
Telephone	6,355	530	6,885	618	1,324	1,942	8,827	21,729
Travel, mileage and parking	42,338	20,670	63,008	7,569	9,577	17,146	80,154	67,023
Depreciation and amortization	1,159,663	23,011	1,182,674	31,403	49,327	80,730	1,263,404	37,387
TOTAL FUNCTIONAL EXPENSES	$ 4,653,921	$ 365,635	$ 5,019,556	$ 540,481	$ 716,778	$ 1,257,259	$ 6,276,815	$ 3,223,568

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

SHAREWELL
(A California Nonprofit Corporation)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,542,224)	$ 5,218,178
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization expense	1,263,404	37,387
Loss on disposal of property and equipment	34,129	-
Loss on contributions receivable	600,000	-
Net realized and unrealized gains on investments	(6,744)	(23,684)
Donated stock	(50,469)	(7,129)
Proceeds from capital campaign	(2,233,408)	(4,197,663)
Change in operating assets and liabilities:		
Contributions receivable	1,093,574	(2,474,812)
Prepaid expenses	1,742	(17,467)
Accounts payable and accrued liabilities	(3,119,665)	263,780
Deferred revenue	58,292	1,018
Deferred rent	838,868	-
Net Cash Used In Operating Activities	(3,062,501)	(1,200,392)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	217,813	80,426
Purchases of investments	(160,262)	(70,642)
Reinvested interests and dividends	-	(16,590)
Purchases of property and equipment	(128,500)	(8,296,980)
Net Cash Used In Investing Activities	(70,949)	(8,303,786)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital campaign	2,233,408	4,197,663
Drawdown on line of credit	-	50,000
Proceeds from paycheck protection program loan	390,400	-
Proceeds from notes payable	1,458,793	4,501,137
Repayments on notes payable	(1,556,732)	-
Net Cash Provided By Financing Activities	2,525,869	8,748,800
NET CHANGE IN CASH AND CASH EQUIVALENTS	(607,581)	(755,378)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,332,661	2,088,039
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 725,080	$ 1,332,661
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 22,849	$ 11,240
Property and equipment purchases accrued at year-end	$ -	$ 3,114,735

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

SHAREWELL
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 – Organization

ShareWell (the Organization), a California nonprofit corporation, operates the Cayton Children's Museum and youTHink in Los Angeles, California. For the past 30 years, the Organization has been committed to nurturing children and youth to become responsible members of the community with the power to positively shape the world. The Organization harnesses the power of play at different life stages to guide children, youth and families to work together toward a more inclusive and equitable world that creates and expands possibilities for everyone.

The Organization's vision is manifested through the Cayton Children's Museum (the Museum), which opened in July 2019 after embarking on a multi-million-dollar capital campaign to fund the buildout. The Museum features 25+ discovery-based exhibits designed for children 0 to 10, in addition to a theatre, art studios, multipurpose space and a public art gallery. From its opening to its temporary closure as a result of COVID-19, the Museum welcomed more than 130,000 visitors through its doors in its first year of operation.

Beyond the museum's walls, the Organization achieves its mission through youTHink (the Outreach Program)—a youth development program that engages youth in the creative arts through their schools and communities to give them a sense of purpose and ignite activism. The Outreach Program works with Title 1 schools and municipalities to operate semester-long and annual arts-based programming in classrooms and in neighborhoods. These programs are designed to give youth equitable access to quality arts enrichment as a means of encouraging civic engagement and improving their outcomes for lifelong success.

NOTE 2 – Summary of Significant Accounting Policies

Recently Adopted Accounting Standard

In fiscal year ended June 30, 2020, the Organization adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* and has applied them prospectively. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP and requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2018-08 provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions, as well as distinguishing between conditional and unconditional contributions. No significant reclassifications to prior-year amounts were necessary in order to adopt the new standard.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of 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, revenue and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. The Organization's board may designate net assets without restrictions for specific purposes from time to time.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that may be temporary in nature that may be or will be met by actions of the Organization or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Other donor stipulations may be perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. As permitted by ASC 958, the Organization records donor restricted contributions whose restrictions are met in the same reporting period as contributions without donor restrictions. At June 30, 2020, the Organization does not have any net assets that are restricted in perpetuity.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Prior-Period Information

The financial statements include certain prior-period summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all short-term financial instruments purchased with original maturities of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Investments

Investments in cash equivalents, equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Securities are generally held in custodial investment accounts administered by financial institutions.

Investment purchases and sales are accounted for on a trade-date basis. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities as increases or decreases in unrestricted net assets, unless their use is restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Contributions and Contributions Receivable

Unconditional contributions, including pledges, are recorded at fair value and are recognized as revenue in the period received. The Organization reports unconditional contributions as restricted support if such contributions are received with donor stipulations that limit the use of the donated assets. Unconditional pledges expected to be collected in future years are recorded at the present value of expected future cash flows discounted at an appropriate discount rate commensurate with the risks involved. Conditional promises to give are not included as support until such time as the conditions are substantially met.

As of June 30, 2020 and 2019, the Organization evaluated the collectability of contributions receivable and determined that an allowance for uncollectible contributions receivable was not deemed necessary. During the year ended June 30, 2020, a donor rescinded a previous pledge resulting in a $600,000 contribution receivable written off and recognized as a loss on contribution receivable on the statement of activities.

Grant Revenue

Revenue from grants are recorded when unconditional pledge commitments are received. The related revenue that is not restricted by the donor or restricted by time is reported as an increase in net assets without donor restrictions. Revenue that is restricted by the donor is reported as an increase in net assets with donor restrictions.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Property and equipment are capitalized if the cost of the asset is greater than or equal to $500 and the useful life is greater than one year.

Depreciation is computed on the straight-line basis over the estimated useful lives of the property and equipment as follows:

Organization exhibits	7 Years
Furniture, equipment, and computers	3 - 5 Years
Leasehold improvements	Shorter of useful life or the life of the lease

Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Deferred Rent Obligations

The Organization accounts for rent expense under noncancelable operating leases with scheduled rent increases on a straight-line basis over the lease term beginning with the effective lease commencement date. The excess of straight-line rent expense over schedule payment amounts is recorded as an accrued liability for deferred rent.

Long-Lived Assets

The Organization reviews the carrying value of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the years ended June 30, 2020 and 2019.

Revenue Recognition and Deferred Revenue

Fees for service revenue is recognized when service is rendered. Membership dues are recognized as income over the period of the membership. Deferred revenue includes funds received in advance for summer camp fees and prorated membership dues.

Contributed Goods and Services

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization received $355,347 and $205,331 of in-kind donated services during the year ended June 30, 2020 and 2019, respectively, included in the accompanying statement of functional expenses.

Special Event Revenue

Special event revenue relates to the Organization's annual Discovery Awards Dinner. Revenue from special events are recognized on the date the event occurs, net of expenses. During the years ended June 30, 2020 and 2019, special event expenses totaled $118,383 and $180,710, respectively.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Admissions and Program Revenue

Revenue without donor restrictions is obtained from admission fees, rental income, sale of merchandise, and program fees. This revenue is recorded when the service is provided, or the merchandise is sold. Admission revenue is recorded when the tickets are used, which is generally within a short time period as these tickets are normally sold on the day of attendance or in advance with a specific time and date of eligible use. Program fees are recorded as revenue on the date the program occurs. Merchandise sales are recorded as revenue upon transfer of the goods to the purchaser, with a very limited right of return. Rental revenue is recorded when the event has taken place.

Income Taxes

The Organization is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and corresponding state provisions.

The Organization recognizes the financial statement benefit of tax positions, such as filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization 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.

Functional Allocation of Expenses

The costs of providing the Organization's programs and other activities have been presented in the 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. Allocations are based on management's estimate of the benefit derived from costs as they relate to each activity. Rent and depreciation are based on square footage. Other shared costs are based on employee salaries per department.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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 *Leases (Topic 840)*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position 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 statement of activities and functional expenses. The ASU is effective for the Organization's fiscal year-end beginning after June 30, 2023. The new lease standard requires a modified-retrospective approach for all leases existing at, or entered into after, the date of initial adoption, with an option to elect the use of certain transition relief. The Organization is currently evaluating the impact of the adoption of the new standard on the 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*, which requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. Additionally, the standard requires a not-for-profit to disclose a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets and additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The ASU is effective for annual reporting periods beginning after June 15, 2021. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements.

COVID – 19 Impact

In March 2020, the spread of COVID-19 has resulted in federal, state and local governments mandating various restrictions on public gatherings and stay-at-home orders. Effective March 12, 2020, the Organization has temporarily closed the Museum. The Organization continues to monitor developments, including government requirements and recommendations at the national, state, and local level to evaluate possible extensions to all or part of such closures. Certain programming has been transitioned to online to accommodate remote attendance. While this is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Organization's program operations, including the duration and impact on overall admissions and fundraising, cannot be reasonably estimated at this time and we anticipate this may have a material adverse impact on our Organization, results of operations, financial position and cash flows in 2021.

NOTE 3 – Financial Assets and Liquidity Resources

The following reflects the Organization's financial assets as of the date of the statement of financial position, reduced by amounts not available for general use within one year of the date of the statement of financial position because of contractual or donor-imposed restrictions.

Cash and cash equivalents	$ 725,080
Investments	505,013
Contributions receivable	5,161,209
	6,391,302
Less amounts unavailable for general expenditure within one year due to:	
Restricted by donor with purpose and time restrictions	(313,383)
Board-designated reserve funds	(505,013)
Contributions receivable due in more than one year, net	(2,567,483)
Contributions receivable due in less than one year, to be used under the capital campaign	(2,000,064)
	(5,385,943)
	$ 1,005,359

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's board of directors has designated a portion of its unrestricted resources for a general reserve. Those amounts are identified as board-designated in the table above. These funds are invested for long-term appreciation but remain available and may be spent at the discretion of the board of directors.

At June 30, 2020, the Organization had an additional liquidity resource of $175,000 through the available borrowing capacity on its line of credit.

NOTE 4 – Investments

The Organization has implemented accounting standards which define fair value for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by level 2 inputs utilize data points that are observable such as quoted prices, interest rates, and yield curves. Fair values determined by level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The Organization's investments are composed of mutual funds and measured at fair value on a recurring basis and classified as level 1 in the fair value hierarchy at June 30, 2020 and 2019.

Net investment gains consist of the following:

	For the Year Ended June 30,	
	2020	2019
Interest and dividends, net	$ 8,643	$ 14,653
Net realized and unrealized gains	6,744	23,684
Investment gains, net	$ 15,387	$ 38,337

NOTE 5 – Contributions Receivable

Expected future collections of contributions receivable, including pledges for the capital campaign, as of June 30, 2020 are as follows:

Year Ending June 30,	
2021	$ 2,380,343
2022	1,136,000
2023	853,179
2024	424,000
2025	243,333
Thereafter	466,667
	5,503,522
Less unamortized discount of 3.82%	(342,313)
	$ 5,161,209

NOTE 6 – Property and Equipment

Property and equipment is summarized as follows:

	June 30, 2020	June 30, 2019
Organization exhibits	$ 3,850,569	$ 4,373,006
Furniture, equipment, and computers	362,603	526,014
Leasehold improvements	8,219,102	8,187,196
	12,432,274	13,086,216
Less accumulated depreciation and amortization	(1,259,409)	(755,767)
	$ 11,172,865	$ 12,330,449

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was $1,251,955 and $37,388, respectively.

NOTE 7 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consists of the following:

	June 30,	
	2020	**2019**
Accounts payable	$ 346,463	$ 286,515
Accrued construction costs	-	3,152,693
Accrued vacation	59,012	64,541
Accrued payroll and payroll taxes	70,045	91,436
	$ 475,520	$ 3,595,185

NOTE 8 – Deferred Revenue

Deferred revenue consists of the following:

	June 30,	
	2020	**2019**
Summer camp fees	$ -	$ 56,396
Membership dues	171,656	56,968
	$ 171,656	$ 113,364

NOTE 9 – Line of Credit

The Organization has a revolving bank line of credit with a financial institution. The line of credit is secured by the Organization's investment portfolio and bears interest at the prime rate (3.25% at June 30, 2020) plus 0.50%. The maximum borrowable amount is the lesser of (i) $250,000 and (ii) the fair market value of the eligible securities pledged as collateral multiplied by the weighted average of predetermined advance rates. The revolving line of credit includes certain restrictive financial covenants as defined in the agreement, with which the Organization was in compliance or received a waiver of covenants. At June 30, 2020 and 2019, the balance outstanding on the line of credit was $75,000.

NOTE 10 – Paycheck Protection Program Loan

In March 2020, Congress passed the Paycheck Protection Program, authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities and interest on mortgages. In April 2020, the Organization successfully secured a $390,400 Small Business Association ("SBA") loan under the Paycheck Protection Program. Per the terms of the loan, the full amount will be forgiven as long as loan proceeds are used to cover payroll costs and other specified non-payroll costs (provided any non-payroll costs do not exceed 40% of the forgiven amount) over a 24-week period after the loan is made; and employee and compensation levels are maintained. The Organization intends to comply with the above terms in order to qualify for full or partial loan forgiveness. To the extent it is not forgiven, the Organization would be required to repay that portion at an interest rate of 1% over a period of two years, with a final installment estimated by April 2022. As of the issuance of these financial statements the Organization has not made any payments on the balance of the loan or applied for loan forgiveness.

NOTE 11 – Notes Payable

At June 30, 2020, notes payable consisted of:

Note payable to First Republic Bank; bears interest at the prime rate (3.25% at June 30, 2020) minus 0.50% subject to a floor rate, payable monthly; proceeds of the loan shall be used for purposes described in the loan agreement; loan matures January 2023	$ 2,943,268
Note payable to Goldrich Family Foundation; bears interest rate of 2.73% per annum payable quarterly; proceeds of the loan shall be used for purposes described in the loan agreement; amended August 2020 extending repayment of outstanding principal and remaining interest to August 2021	1,500,000
	4,443,268
Less unamortized debt financing costs	(28,621)
	$ 4,414,647

Debt financing costs amortization expense for the year ended June 30, 2020 was $11,449. There was no debt financing costs amortization expense for the year ended June 30, 2019.

NOTE 11 – Notes Payable (Continued)

Future maturities of notes payable at June 30, 2020 are as follows:

Year Ending June 30,	
2021	$ 1,833,668
2022	2,109,600
2023	500,000
	4,443,268
Less unamortized debt financing costs	(28,621)
	$ 4,414,647

In October 2020, the Organization signed an agreement with First Republic Bank to defer interest payments on the outstanding loan balance through February 2021 (deferral period). All unpaid interest during the deferral period will be added to the balance of the loan and be repaid in accordance with the terms of the loan agreement.

NOTE 12 – Net Assets With Donor Restrictions

At June 30, 2020, net assets with donor restrictions of $313,383 were restricted for time and are expected to be collected over the next three years.

NOTE 13 – Commitments and Contingencies

Government Grants

The Organization's grants are subject to inspection and audit by the corresponding funding agencies. The purpose is to determine whether the funds were used in accordance with funding agency guidelines and regulations. The potential exists for disallowance of previously funded costs. No provision has been made for any liabilities that may arise from such audits, since the amounts cannot be determined.

NOTE 13 – Commitments and Contingencies (Continued)

Operating Leases

The Organization leases facilities and equipment under noncancelable operating leases that expire at various dates through December 2038. The main facility lease was modified during the year ended June 30, 2020. The modification included a revised commencement date effective July 1, 2019. The modification changed the monthly rent under the lease and added an additional tenant improvement allowance. Accordingly, this lease was accounted for as a lease modification and the lease liability will be was re-measured effective July 1, 2019.

Additionally, the lessor provided rent relief to the Organization and abated the rent due under the lease from April 2020 through March 2021 as the Museum was shut down by the state of California due to the spread of the COVID-19 virus. In addition, three months were added to the end of the lease term beyond the originally planned lease termination date. The Financial Accounting Standards Board (FASB) issued non-authoritative guidance which states Organizations can elect whether or not to evaluate if concession provided by a lessor to a lessee in response to the COVID-19 pandemic is a lease modification. If the Organization evaluates the concession, then the Organization can then elect to apply the lease modification guidance to that rent forgiveness or account for the concession as if it were contemplated in the existing contract. The Organization has elected to account for the concession as a lease modification.

The following schedule represents future minimum lease payments under noncancelable operating leases as of June 30, 2020:

Year Ending June 30,	
2021	$ 202,100
2022	788,787
2023	814,378
2024	840,737
2025	866,097
Thereafter	15,736,659
	$ 19,248,785

Rent expense for the years ended June 30, 2020 and 2019 was $986,492 and $178,027, respectively.

NOTE 13 – Commitments and Contingencies (Continued)

Litigation, Claims, and Assessments

The Organization is party to certain litigation, claims, and assessments arising in the ordinary course of business.

The Organization is currently in dispute with one of its vendors over final amounts owed related to the construction of the new museum. The Organization accrued for expenses related to the vendor, however, the final settlement amount is still in dispute.

Management is not aware of any other matters that would result in material financial impact on the Organization.

NOTE 14 – Retirement Plans

Profit-Sharing Plan

The Organization established a defined contribution retirement plan, the Sharewell 401(k) Plan, effective January 1, 2018. Generally, all employees are eligible and may make rollover contributions to the defined contribution retirement plan up to the maximum allowed by law. The defined contribution retirement plan was amended on January 1, 2020 to require employer share harbor matching contributions. The Organization's contributions to the defined contribution retirement plan for the year ended June 30, 2020 and 2019 totaled $10,261 and $47,701, respectively.

NOTE 14 – Retirement Plans (Continued)

Multiemployer Plan

At the Organization's founding Sharewell and other agencies were under the umbrella of Jewish Federation Council of Greater Los Angeles (collectively, the Association). The Association participated in the Basic Pension Plan for Employees of Jewish Federation Council of Greater Los Angeles (JFC), (employer identification number: 95-1643388; plan number: 001), a multiemployer defined benefit and contribution pension plan (the Multiemployer Plan).The Multiemployer Plan covers substantially all benefit eligible employees hired prior to December 31, 2005. Effective January 1, 2006 the Plan was amended to no longer allow the entrance of new participants to the Plan. The risks of participating in the Multiemployer Plan are different from single-employer plans in the following aspects:

- Assets contributed to the Multiemployer Plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Organization chooses to stop participating in the Multiemployer Plan, the Organization may be required to pay the Multiemployer Plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Organization's contributions to the defined benefit pension plan and defined contribution pension plan for the year ended June 30, 2020 and 2019 totaled $87,546 and $74,972, respectively.

The Multiemployer Plan year end is December 31st. As of December 31, 2019 and 2018, the Multiemployer Plan's funded percentage was more than 80% (the Green Zone). The funded percentage is determined by dividing the value of the plan's assets by the plan's liability for accrued pension benefits, measured as of the first day of the plan year.

The Multiemployer Plan did not have a surcharge imposed and neither a funding improvement plan nor a rehabilitation plan was in place during the year ended December 31, 2019 and 2018.

NOTE 14 – Retirement Plans (Continued)

Multiemployer Plan (Continued)

The law requires that every pension plan have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the Multiemployer Plan currently and in future years. The funding policy of the Multiemployer Plan is to fund the plan based on contributions from the Participating Employers. The Participating Employers are required to make contributions that, collectively, are designed to meet or exceed the minimum ERISA funding requirements. The minimum ERISA funding requirements are determined by an actuary on an annual basis. The Participating Employers' contributions for the Multiemployer Plan's year ended December 31, 2019 and 2018 exceeded the minimum funding requirements of ERISA.

NOTE 15 – Subsequent Event

In January 2021, the SBA announced a second draw of Paycheck Protection Program loans for eligible entities. The Organization was approved to receive an additional $390,400 of Paycheck Protection Program funds. Per the terms of the loan, the full amount will be forgiven as long as loan proceeds are used to cover payroll costs and other specified non-payroll costs (provided any non-payroll costs do not exceed 40% of the forgiven amount) over a 24-week period after the loan is made; and employee and compensation levels are maintained. The Organization intends to comply with the above terms in order to qualify for full or partial loan forgiveness. To the extent it is not forgiven, the Organization would be required to repay that portion at an interest rate of 1% over a period of five years, with a final installment estimated by January 2026.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 9, 2021, the date the financial statements were available to be issued.