

**UNITY SHOPPE, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**UNITY SHOPPE, INC.**

JUNE 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Unity Shoppe, Inc.  
Santa Barbara, California

We have audited the accompanying financial statements of Unity Shoppe, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, 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.

### **Auditor's 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 auditor's 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 auditor considers 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 Unity Shoppe, Inc. as of June 30, 2021, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Unity Shoppe, Inc. June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those statements in our report dated May 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McGowan Guntermann*

Santa Barbara, California

April 28, 2022

**UNITY SHOPPE, INC.**

STATEMENT OF FINANCIAL POSITION

June 30, 2021

(With Comparative Totals for June 30, 2020)

<b>ASSETS</b>				(Memo)
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
<b>Current Assets</b>				
Cash and cash equivalents	\$ 2,741,647	\$ -	\$ 2,741,647	\$ 1,294,143
Investments (Note 4)	197,946	-	197,946	133,400
Beneficial interest in assets held by others (Note 2)	148,012	-	148,012	123,732
Inventory	809,042	-	809,042	1,546,137
Accounts receivable	-	-	-	100,000
Pledges receivable, net (Note 3)	-	7,000	7,000	-
Total Current Assets	3,896,647	7,000	3,903,647	3,197,412
<b>Other Assets</b>				
Net property and equipment (Note 6)	9,052,368	-	9,052,368	9,183,186
Amortized loan costs	14,060	-	14,060	17,161
Total Other Assets	9,066,428	-	9,066,428	9,200,347
<b>Total Assets</b>	<b>\$ 12,963,075</b>	<b>\$ 7,000</b>	<b>\$ 12,970,075</b>	<b>\$ 12,397,759</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 75,118	\$ -	\$ 75,118	\$ 207,841
Current portion of mortgage and notes payable (Note 7)	97,710	-	97,710	99,734
Total Current Liabilities	172,828	-	172,828	307,575
<b>Long-term Liabilities</b>				
Mortgage and notes payable (Note 7)	3,460,908	-	3,460,908	3,701,958
Paycheck Protection Program Loan (Note 8)	-	-	-	302,750
Total Long-Term Liabilities	3,460,908	-	3,460,908	4,004,708
Total Liabilities	3,633,736	-	3,633,736	4,312,283
<b>Net Assets</b>				
<b>Without Donor Restrictions</b>				
Operating net assets	3,687,577	-	3,687,577	2,305,252
Board designated (Note 13)	148,012	-	148,012	123,732
Property and equipment, net of related debt	5,493,750	-	5,493,750	5,556,492
Total Without Donor Restrictions	9,329,339	-	9,329,339	7,985,476
<b>With Donor Restrictions (Note 13)</b>	-	7,000	7,000	100,000
Total Net Assets	9,329,339	7,000	9,336,339	8,085,476
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,963,075</b>	<b>\$ 7,000</b>	<b>\$ 12,970,075</b>	<b>\$ 12,397,759</b>

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

**UNITY SHOPPE, INC.**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>(Memo)</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2021</u>	<u>Total</u>
				<u>2020</u>
<b>Public Support and Revenue</b>				
Public Support				
Contributions	\$ 3,035,719	\$ 10,000	\$ 3,045,719	\$ 2,554,901
In-kind contributions	1,436,415	-	1,436,415	1,756,641
PPP loan forgiveness	302,750	-	302,750	-
Special events (net of expenses of \$92,489 and \$63,434)	<u>617,866</u>	<u>-</u>	<u>617,866</u>	<u>398,202</u>
Total Public Support	<u>5,392,750</u>	<u>10,000</u>	<u>5,402,750</u>	<u>4,709,744</u>
Revenue				
Retail store sales, net	22,055	-	22,055	119,829
Investment income, net of fees	79,248	-	79,248	13,537
Net assets released from restrictions	<u>103,000</u>	<u>(103,000)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>204,303</u>	<u>(103,000)</u>	<u>101,303</u>	<u>133,366</u>
Total Public Support and Revenue	<u>5,597,053</u>	<u>(93,000)</u>	<u>5,504,053</u>	<u>4,843,110</u>
<b>Expenses</b>				
Program Services	<u>3,878,647</u>	<u>-</u>	<u>3,878,647</u>	<u>3,463,955</u>
Supporting Services				
Administrative	267,015	-	267,015	253,186
Fundraising	<u>107,528</u>	<u>-</u>	<u>107,528</u>	<u>96,337</u>
Total Supporting Services	<u>374,543</u>	<u>-</u>	<u>374,543</u>	<u>349,523</u>
Total Expenses	<u>4,253,190</u>	<u>-</u>	<u>4,253,190</u>	<u>3,813,478</u>
<b>Change in Net Assets</b>	<b>1,343,863</b>	<b>(93,000)</b>	<b>1,250,863</b>	<b>1,029,632</b>
Net Assets, Beginning of Year	<u>7,985,476</u>	<u>100,000</u>	<u>8,085,476</u>	<u>7,055,844</u>
<b>Net Assets, End of Year</b>	<b><u>\$ 9,329,339</u></b>	<b><u>\$ 7,000</u></b>	<b><u>\$ 9,336,339</u></b>	<b><u>\$ 8,085,476</u></b>

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

**UNITY SHOPPE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	Program			Total	(Memo)
	Services	Administrative	Fundraising	2021	Total 2020
Payroll Related Expenses					
Salaries and wages	\$ 856,620	\$ 75,584	\$ 75,584	\$ 1,007,788	\$ 896,900
Employee benefits	87,599	7,729	7,729	103,057	107,496
Payroll taxes	58,749	8,873	8,873	76,495	73,136
Total Payroll Related Expenses	1,002,968	92,186	92,186	1,187,340	1,077,532
Operating Expenses					
Accounting fees	10,077	24,646	-	34,723	18,245
Advertising and promotions	12,747	-	9,422	22,169	16,994
Bank fees	6,154	11,181	-	17,335	32,495
Delivery and auto	24,187	-	-	24,187	36,966
In kind distributions	2,173,509	-	-	2,173,509	1,848,105
Insurance	72,605	11,653	-	84,258	108,548
Interest expense	66,517	64,576	-	131,093	143,026
Licenses, fees and taxes	-	5,257	-	5,257	1,258
Occupancy	38,500	-	3,500	42,000	42,000
Office expenses	62,333	12,306	2,420	77,059	57,424
Outside services	49,715	13,745	-	63,460	29,192
Program expenses	123,440	-	-	123,440	115,095
Repairs and maintenance	27,404	-	-	27,404	34,651
Utilities	61,021	1,985	-	63,006	64,753
Total Operating Expenses	2,728,209	145,349	15,342	2,888,900	2,548,752
Depreciation and amortization	147,470	29,480	-	176,950	187,194
<b>2021 Total Expenses</b>	<b>\$ 3,878,647</b>	<b>\$ 267,015</b>	<b>\$ 107,528</b>	<b>\$ 4,253,190</b>	
2020 Total Expenses (Memo)	\$ 3,463,955	\$ 253,186	\$ 96,337		\$ 3,813,478

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

**UNITY SHOPPE, INC.**

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	2021	(Memo) 2020
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,250,863	\$ 1,029,632
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	176,950	187,194
Unrealized gain on investments	(75,395)	(13,536)
Loan forgiveness	(302,750)	-
Decrease (increase) in:		
Accounts and pledges receivable	93,000	(21,000)
Deposits and other assets	-	(79)
Inventory	737,095	91,463
Increase (decrease) in:		
Accounts payable and accrued expenses	(132,723)	(12,612)
<b>Net Cash Provided by Operating Activities</b>	<b>1,747,040</b>	<b>1,261,062</b>
 Cash Flows From Investing Activities:		
Purchase of property and equipment	(43,032)	(107,316)
Purchase of securities	(13,430)	(28,640)
Proceeds from sale of securities	-	-
<b>Net Cash Used by Investing Activities</b>	<b>(56,462)</b>	<b>(135,956)</b>
 Cash Flows from Financing Activities:		
Proceeds from Paycheck Protection Program loan	-	302,750
Proceeds from borrowing	-	17,916
Principal paid on mortgages and notes	(243,074)	(223,225)
<b>Net Cash Provided (Used) By Financing Activities</b>	<b>(243,074)</b>	<b>97,441</b>
 <b>Net Increase in Cash</b>	<b>1,447,504</b>	<b>1,222,547</b>
 Cash - Beginning of Year	1,294,143	71,596
 <b>Cash - End of Year</b>	<b>\$ 2,741,647</b>	<b>\$ 1,294,143</b>
 Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 131,093	\$ 143,026
 Non-cash transactions consisted of the following:		
In-kind contributions	\$ 1,436,415	\$ 1,756,641

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



# UNITY SHOPPE, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### General

Unity Shoppe, Inc. (the Organization) is a nonprofit corporation that encourages self-sufficiency and independence by providing education and the necessities of life to families, children, seniors, and persons with disabilities during periodic times of crises. These necessities are provided in a dignified manner without regard to political affiliation, religious belief, or ethnic identity.

#### Basis of Accounting

The Organization uses the accrual basis of accounting, recognizing revenues when earned and expenses when incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

#### Description of Net Assets

The Organization reports information regarding its financial position and activities in two classes of net assets - with donor restrictions and without donor restrictions - based on the existence or absence of donor-imposed restrictions.

##### *Without Donor Restrictions*

Net assets without donor restrictions represent net assets that are not subject to donor-imposed time or use restrictions. Net assets without donor restrictions include board designated funds.

##### *With Donor Restrictions*

Net assets with donor restrictions represent net assets that are subject to donor-imposed time or use restrictions. Net assets with donor restrictions generally include contributions and bequests receivable and planned gifts. Earnings on net assets with donor restrictions are reported as an increase in net assets with donor restrictions. Earnings on donor-restricted endowment funds that have not yet been appropriated are also classified as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as “Net assets released from restrictions”. Net assets with donor restrictions include perpetual income trusts for which the related income is reported as contributions without donor restrictions when received on the Statement of Activities. The change in value of the underlying assets is recorded as an unrealized gain or loss in net assets with donor restrictions on the Statement of Activities. Net assets with donor restrictions also consist of those donor-restricted endowments held by the Organization as defined under the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

#### Cash and Cash Equivalents

The Organization classifies cash, money market accounts and time certificates held by financial institutions as cash and cash equivalents.

# UNITY SHOPPE, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Receivables

Management believes that all receivables are fully collectible; therefore, no allowance for uncollectible amounts has been recorded.

#### Investments

Investments are recorded at market value. All gains and losses on investments are reported as increases or decreases to unrestricted net assets specifically restricted by donors.

#### Inventory

Inventory is recorded at cost for purchased items and fair market value for donated items.

#### Property and Equipment

Equipment is recorded at cost or, if donated, at fair market value at the time of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specified purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 40 years. Assets with a cost of \$1,000 or more and useful life of more than one year are capitalized.

#### Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

#### Comparative Information

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 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, 2020, from which the summarized information was derived.

#### Contributions

All contributions are considered to be available for use without restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with restrictions.

# UNITY SHOPPE, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### In-Kind Contributions

The Organization solicits donations of items to be sold in its thrift store. The Organization records these donations at their estimated fair market value.

#### Donated Services

The Organization relies heavily on volunteers to perform certain services for some of its programs. Because these services do not meet specified criteria for recognition as income and expense, the value of these services has not been included in the Statement of Activities. Management estimates that over 500 local volunteers donated dozens of hours to Unity throughout 2021. Many of these volunteers are local high school students completing their required Community Service Hours.

#### Functional Expenses

The Organization allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

#### Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Estimates and assumptions include, but are not limited to depreciation, valuation of in-kind donations, estimated life of fixed assets, and allocation of expenses among programs. It is at least reasonably possible that the significant estimates used will change within the next year.

#### Tax Exempt Status

The Organization is a public benefit corporation and is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 2370(1)(d); therefore, no provision for income taxes is required. The Organization is not considered a private foundation.

The Organization evaluates uncertain tax positions, whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2021, the Organization had no uncertain tax positions requiring accrual.

The Organization files tax returns in California and U.S. federal jurisdictions. The Organization is no longer subject to U.S. federal and state examinations by tax authorities for fiscal years ending before June 30, 2017 and June 30, 2016, respectively.

# UNITY SHOPPE, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 28, 2022, the date the financial statements.

### Note 2 – BENEFICIARY INTEREST IN ASSETES HELD BY OTHERS

The Organization has transferred assets to the Santa Barbara Foundation (the Foundation), which is holding them as an agency fund for the benefit of the Organization. The Fund is subject to the Foundation's investment and spending policies, which currently result in a distribution to the Organization of 5% of the average quarterly value of the previous 12 quarters. The Organization has historically chosen to forego distributions from the Fund in favor of increasing the balance invested in the Fund. In accordance with California State law, the Foundation retains sole and absolute discretion over distributions from the Fund. However, the Fund Agreement allows the Foundation to seek the Organization's advice concerning the timing and amounts of distributions from the Fund to the Organization. The Organization also may request an extraordinary distribution from the Fund. The funding of any extraordinary distribution is at the Foundation's sole discretion.

The Organization reports the fair value of the Fund as Beneficial Interest in Assets Held by Others in the statement of financial position and reports distributions received as investment income. Changes in the value of the Fund are reported as gains or losses in the statement of activities. The value at June 30, 2021, is \$148,012.

### Note 3 – PLEDGES, GRANTS, AND BEQUESTS RECEIVABLE

Accounts receivable represent amounts due to the Organization for services rendered by the Organization through June 30, 2021. Pledges receivable represent multi-year commitments and irrevocable bequests by donors.

A provision for uncollectible accounts is determined based upon an analysis of the pledges, loans, grants and accounts receivable at the end of each fiscal year. Management expects no material write-offs for receivables at June 30, 2021; therefore, there no current provision has been made. All receivables are expected to be collected, in full, in the subsequent fiscal year.

### Note 4 – INVESTMENTS

Investments consist of stocks and a small portfolio of alternate investments donated as part of a bequest. These investments totaled \$197,946 and \$133,400 at June 30, 2021 and June 30, 2020, respectively.

## UNITY SHOPPE, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 5 – FAIR VALUE MEASUREMENT

The Organization has established a framework for measuring fair value and expanding disclosures about fair value measurements. Accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; discounted cash flows; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;

Level 3: Unobservable inputs that are supported by little or no market activity;

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying Statement of Financial Position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. As of June 30, 2021, there were no Level 3 investments.

The following table presents assets and liabilities recognized in the accompanying Statement of Financial Position measured at fair value on a recurring basis and the level in which the fair value measurements fall at June 30, 2021:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 197,946	\$ -	\$ -	\$ 197,946
Beneficiary interest in assets held by others	<u>-</u>	<u>148,012</u>	<u>-</u>	<u>148,012</u>
Total assets measured at fair value	<u>\$ 197,946</u>	<u>\$ 148,012</u>	<u>\$ -</u>	<u>\$ 345,958</u>

# UNITY SHOPPE, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021; depreciation expense for the year ended June 30, 2021, totaled \$173,849.

Land	\$ 4,000,000
Building	5,870,599
Equipment	288,489
Vehicles	<u>163,219</u>
Total property and equipment	10,322,307
Less accumulated depreciation	<u>(1,269,939)</u>
Net property and equipment	<u>\$ 9,052,368</u>

### Note 7 – MORTGAGE AND NOTES PAYABLE

Mortgage payable to Community West Bank secured by a first deed of trust on the building located at 110 W Sola Street, Santa Barbara, CA. Monthly payments of \$10,714 commenced August 17, 2017, and includes interest of 4.58% per annum; a balloon payment of \$1,159,788 on July 17, 2025. Outstanding balance at June 30, 2021, is \$1,748,496.

Mortgage payable to Community West Bank secured by a first deed of trust on the building located at 1209 State Street, Santa Barbara, CA. Monthly payments of \$11,553 commenced September 5, 2017, and includes interest of 5.04% per annum; a balloon payment of \$1,466,745 on July 17, 2025. Outstanding balance at June 30, 2021, is \$1,810,122.

The Organization had an unsecured interest free note to the Organization's President; no monthly payments were due; loan initiated on May 1, 2018 and increased by \$80,000 during 2019; a balloon payment of \$155,916 would have been due on May 1, 2028. The loan was forgiven during the year ended June 30, 2021.

The Organization had a note payable to Ally Bank secured by a vehicle; monthly payments of \$606, including interest at 3.99% per annum, commenced March 21, 2018. The loan was paid off during the year ended June 30, 2021.

Principal payments are expected to be as follows:

June 30, 2022	\$ 97,710
June 30, 2023	102,581
June 30, 2024	107,256
June 30, 2025	113,042
June 30, 2026	1,595,522
Thereafter	<u>1,542,507</u>
Total	<u>\$3,558,618</u>

# UNITY SHOPPE, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 8 – SBA LOAN UNDER PAYCHECK PROTECTION PROGRAM

On April 12, 2020, the Organization received loan funding of \$302,750 under the Paycheck Protection Program as allowed under the CARES Tax Act, related to the 2020 COVID-19 pandemic. The loan allows for the loan proceeds to be used on allowable costs for the Organization.

The PPP loan was fully forgiven by the Small Business Administration on April 28, 2021.

### Note 9 – CONCENTRATIONS, CREDIT RISK AND UNCERTAINTIES

#### Concentrations

The Organization derives the majority of its revenue for services rendered to residents that reside within Santa Barbara County.

#### Credit Risk

The Organization maintains cash balances insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. As of June 30, 2021, uninsured cash and cash equivalent balances totaled approximately \$2,345,000.

#### 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. Since March 11, 2020, the Organization's operations have been modified. As of April 28, 2022, the Organization's office is open, subject to local protocol regulations.

The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Organization's financial position, changes in net assets and cash flows in 2022 and the future.

### Note 10 – RELATED PARTIES

During the year ended June 30, 2018, the President of the Organization made two loans to the Organization in order to enable them to purchase a building. One of these loans was for \$650,000 and the other was for \$58,000. In the year ended June 30, 2019, the loan for \$650,000 was forgiven by the President. The forgiveness was recorded as a contribution to the Organization in the year ended June 30, 2019. In addition, an additional amount of \$80,000 was added to the other smaller loans bringing the total of this loan to \$138,000 as of June 30, 2019. During the year ended June 30, 2020, an additional \$17,916 was loaned to the Organization, bringing the total of this loan to \$155,916 as of June 30, 2020. The outstanding loans were paid off in full during the year ended June 30, 2021.

# UNITY SHOPPE, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 11 – LIQUIDITY

Financial assets available to meet cash needs for general expenditure for the following year are comprised of current assets and investments, adjusted for amounts unavailable due to illiquidity, endowments and other funds spending policy appropriations beyond one year, and current liabilities payable to vendors, financial institutions, and nonprofit organizations.

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2021:

Current assets	
Cash and cash equivalents available within one year	\$ 2,741,647
Pledges receivable	<u>7,000</u>
Total Current Assets	<u>2,748,647</u>
Investments	<u>197,946</u>
Current liabilities	<u>(172,828)</u>
Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2021	<u>\$ 2,773,765</u>

### Note 12 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by satisfying the restricted purposes specified by donors. For the year ended June 30, 2021, the passage of time restrictions resulted in net assets released from restriction of \$103,000.

### Note 13 – NET ASSETS

#### Net Assets Without Donor Restrictions

As of June 30, 2021, net assets without donor restrictions consist of the following:

Operating net assets	\$ 3,687,577
Board designated	148,012
Property and equipment, net of related debt	<u>5,493,750</u>
Total	<u>\$ 9,329,339</u>

#### Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2021, are restricted for future periods for the following:

Pledges receivable	<u>\$ 7,000</u>
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## UNITY SHOPPE, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 14 – SUBSEQUENT EVENTS

The Organization's President passed away during the year ended June 30, 2021. Subsequent to year end, pursuant to the President's trust agreement, the Organization elected to take ownership of the President's primary residence, valued at approximately \$4,600,000, as referenced in the trust, as well as related debt on the property, approximately \$3,200,000. As part of the election, the Organization also took on the responsibility of paying out cash distributions totaling approximately \$1,400,000 to beneficiaries named in the trust.

The Organization refinanced the debt on the residence on August 25, 2021, and closed escrow on the sale of the property on March 7, 2022. The Organization received approximately \$1.2 million in net proceeds, after paying off the remaining debt on the property.