YOUTH LAW CENTER

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020
# YOUTH LAW CENTER
## AUDITED FINANCIAL STATEMENTS
### FOR THE YEAR ENDED DECEMBER 31, 2020

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</tbody>
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INDEPENDENT AUDITOR’S REPORT

Board of Directors
YOUTH LAW CENTER
San Francisco, California

Report on Financial Statements
We have audited the accompanying financial statements of Youth Law Center (the Center), which comprise the statement of financial position as of December 31, 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.

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 Organization’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 Organization’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 Youth Law Center as of December 31, 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.

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

Sacramento, California
May 13, 2021
# YOUTH LAW CENTER
## STATEMENT OF FINANCIAL POSITION
### DECEMBER 31, 2020

### ASSETS

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$4,203,193</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>702,021</td>
</tr>
<tr>
<td>Prepaid Expenses and Other Assets</td>
<td>20,002</td>
</tr>
<tr>
<td>Deposits</td>
<td>11,886</td>
</tr>
<tr>
<td><strong>Subtotal Current Assets</strong></td>
<td>4,937,102</td>
</tr>
<tr>
<td><strong>Noncurrent Assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Long Term Receivables</td>
<td>220,000</td>
</tr>
<tr>
<td>Fixed Assets (Net of Accumulated Depreciation of $4,064)</td>
<td>10,825</td>
</tr>
<tr>
<td><strong>Subtotal Noncurrent Assets</strong></td>
<td>230,825</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS** $5,167,927

### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable &amp; Accrued Liabilities</td>
<td>$8,487</td>
</tr>
<tr>
<td>Accrued Vacation</td>
<td>28,992</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>25,185</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>62,664</td>
</tr>
<tr>
<td><strong>Long-Term Liabilities:</strong></td>
<td></td>
</tr>
<tr>
<td>Long-Term Loans Payable - PPP Loan</td>
<td>254,817</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>317,481</td>
</tr>
</tbody>
</table>

**Net Assets:**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without Donor Restrictions</td>
<td>3,526,169</td>
</tr>
<tr>
<td>With Donor Restrictions</td>
<td>1,324,277</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>4,850,446</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND NET ASSETS** $5,167,927

See notes to financial statements
# YOUTH LAW CENTER
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<table>
<thead>
<tr>
<th>SUPPORT AND REVENUE</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$ -</td>
<td>$ 1,903,142</td>
<td>$ 1,903,142</td>
</tr>
<tr>
<td>Contributions</td>
<td>2,141,584</td>
<td>-</td>
<td>2,141,584</td>
</tr>
<tr>
<td>Special Events</td>
<td>6,424</td>
<td>-</td>
<td>6,424</td>
</tr>
<tr>
<td>Interest and Dividends</td>
<td>376</td>
<td>-</td>
<td>376</td>
</tr>
<tr>
<td>Consultant Fees</td>
<td>1,400,988</td>
<td>-</td>
<td>1,400,988</td>
</tr>
<tr>
<td>Other Income</td>
<td>80,682</td>
<td>-</td>
<td>80,682</td>
</tr>
<tr>
<td>Net Assets Released from Restrictions</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Satisfaction of Restrictions</td>
<td>1,448,684</td>
<td>(1,448,684)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Support and Revenue</strong></td>
<td>5,078,738</td>
<td>454,458</td>
<td>5,533,196</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>2,132,126</td>
<td>-</td>
<td>2,132,126</td>
</tr>
<tr>
<td>Management and General</td>
<td>342,745</td>
<td>-</td>
<td>342,745</td>
</tr>
<tr>
<td>Fund Raising</td>
<td>59,684</td>
<td>-</td>
<td>59,684</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>2,534,555</td>
<td>-</td>
<td>2,534,555</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN NET ASSETS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,544,183</td>
<td>454,458</td>
<td>2,998,641</td>
</tr>
<tr>
<td>Net Assets at beginning of year</td>
<td>981,986</td>
<td>869,819</td>
<td>1,851,805</td>
</tr>
<tr>
<td><strong>NET ASSETS AT END OF YEAR</strong></td>
<td>$ 3,526,169</td>
<td>$ 1,324,277</td>
<td>$ 4,850,446</td>
</tr>
</tbody>
</table>

See notes to financial statements

- 4 -
CASH FLOWS FROM OPERATING ACTIVITIES

Excess/(Deficit) of Revenue Over Expenditures $ 2,998,641

Adjustments to Reconcile Excess/(Deficit) of Revenue Over
Expenditures to Net Cash Provided by Operating Activities

Depreciation 4,064

(Increase)/Decrease in:
  Accounts Receivable (428,488)
  Long Term Receivables (220,000)
  Prepaid Expenses and Other Assets 20,551

Increase/(Decrease) in:
  Accounts Payable and Accrued Liabilities (22,072)
  Accrued Vacation (93,989)
  Deferred Revenue 22,185

Net Cash Provided by Operating Activities 2,280,892

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment (14,889)

Net Cash (Used)/Provided by Investing Activities (14,889)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from New Loans 254,817

Net Cash Provided by Financing Activities 254,817

INCREASE/(DECREASE) IN NET CASH 2,520,820

Cash and Cash Equivalents Balance, Beginning of Year 1,682,373

CASH AND CASH EQUIVALENTS BALANCE, END OF YEAR $ 4,203,193

See notes to financial statements
## YOUTH LAW CENTER
### STATEMENT OF FUNCTIONAL EXPENSES
#### FOR THE YEAR ENDED DECEMBER 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management Services &amp; General</th>
<th>Fund Raising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages &amp; Salaries</td>
<td>$1,427,857</td>
<td>$125,090</td>
<td>$39,148</td>
<td>$1,592,095</td>
</tr>
<tr>
<td>Fringe Benefit</td>
<td>359,007</td>
<td>31,451</td>
<td>9,843</td>
<td>400,301</td>
</tr>
<tr>
<td>Professional Development</td>
<td>676</td>
<td>-</td>
<td>-</td>
<td>676</td>
</tr>
<tr>
<td>Travel</td>
<td>12,636</td>
<td>19,566</td>
<td>-</td>
<td>32,202</td>
</tr>
<tr>
<td>Meals</td>
<td>100</td>
<td>1,492</td>
<td>-</td>
<td>1,592</td>
</tr>
<tr>
<td>Special Event</td>
<td>95</td>
<td>8,283</td>
<td>-</td>
<td>8,378</td>
</tr>
<tr>
<td>Equipment Rental &amp; Computer</td>
<td>-</td>
<td>4,105</td>
<td>-</td>
<td>4,105</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>2,971</td>
<td>3,640</td>
<td>-</td>
<td>6,611</td>
</tr>
<tr>
<td>Office Expense</td>
<td>8,244</td>
<td>722</td>
<td>226</td>
<td>9,192</td>
</tr>
<tr>
<td>Audit</td>
<td>10,000</td>
<td>-</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Accounting</td>
<td>71,488</td>
<td>-</td>
<td>-</td>
<td>71,488</td>
</tr>
<tr>
<td>Consultant</td>
<td>201,384</td>
<td>6,475</td>
<td>-</td>
<td>207,859</td>
</tr>
<tr>
<td>Litigation Expense</td>
<td>436</td>
<td>-</td>
<td>-</td>
<td>436</td>
</tr>
<tr>
<td>Telephone</td>
<td>3,471</td>
<td>7,361</td>
<td>-</td>
<td>10,832</td>
</tr>
<tr>
<td>Rent &amp; Utility</td>
<td>76,011</td>
<td>6,659</td>
<td>2,084</td>
<td>84,754</td>
</tr>
<tr>
<td>Insurance</td>
<td>17,167</td>
<td>-</td>
<td>-</td>
<td>17,167</td>
</tr>
<tr>
<td>Library</td>
<td>220</td>
<td>18</td>
<td>-</td>
<td>238</td>
</tr>
<tr>
<td>Technology</td>
<td>31,548</td>
<td>22,065</td>
<td>-</td>
<td>53,613</td>
</tr>
<tr>
<td>Expendable Equipment</td>
<td>2,218</td>
<td>1,403</td>
<td>-</td>
<td>3,621</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>3,645</td>
<td>319</td>
<td>100</td>
<td>4,064</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>3,504</td>
<td>-</td>
<td>-</td>
<td>3,504</td>
</tr>
<tr>
<td>Membership Dues</td>
<td>1,702</td>
<td>10,125</td>
<td>-</td>
<td>11,827</td>
</tr>
<tr>
<td><strong>TOTAL FUNCTIONAL EXPENSES</strong></td>
<td><strong>$2,132,126</strong></td>
<td><strong>$342,745</strong></td>
<td><strong>$59,684</strong></td>
<td><strong>$2,534,555</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements
NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**
Youth Law Center (the Center) is a not-for-profit organization in the State of California. Its mission is to provide legal education, advice, counsel, legal representation and general assistance in the reform of the law regarding the rights of minors.

Funding for the Center occurs mainly through grants from private foundations and consulting contracts.

**Basis of Accounting**
The Center’s policy is to prepare its financial statements using the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Cash and Cash Equivalents**
For purposes of statement of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Contributions**
Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

**Promises to Give**
Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Accounts Receivable / Promises to Give**
The Center considers accounts receivable/promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is required. If accounts receivable become uncollectible, they will be charged to operations when that determination is made, when promises to give become uncollectible, the amount will be offset to promises to give and to net assets with donor restrictions.
NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - continued

**Income Tax Status**
The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1). The Center is also exempt from state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Management believes the Center has no uncertain tax positions as of December 31, 2020.

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

**Cost Allocation**
The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as equipment rental and computers, telephone expense and rent and utilities, which are allocated based on salary expense.

**Depreciation**
Depreciation is accumulated using the straight-line method with estimated useful lives of the related assets ranging from three years for equipment and ten years for leasehold improvements. Acquisitions over $1,000 are capitalized at cost if purchased and fair value if contributed.
**NOTE 2: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2020 are as follows:

<table>
<thead>
<tr>
<th>Grantor</th>
<th>Duration</th>
<th>Grant Amount</th>
<th>Net Assets with Donor Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anonymous</td>
<td>10/1/2020-9/30/2023</td>
<td>$570,000</td>
<td>$522,500</td>
</tr>
<tr>
<td></td>
<td>10/1/2018-9/30/2021</td>
<td>500,000</td>
<td>124,997</td>
</tr>
<tr>
<td></td>
<td>3/1/2020-3/1/2022</td>
<td>190,000</td>
<td>110,833</td>
</tr>
<tr>
<td></td>
<td>10/1/2018-3/31/2021</td>
<td>150,000</td>
<td>28,000</td>
</tr>
<tr>
<td></td>
<td>10/1/2019-6/30/2021</td>
<td>126,170</td>
<td>10,360</td>
</tr>
<tr>
<td></td>
<td>12/1/2020-11/30/2021</td>
<td>110,000</td>
<td>110,000</td>
</tr>
<tr>
<td></td>
<td>12/1/2019-5/31/2021</td>
<td>101,063</td>
<td>101,063</td>
</tr>
<tr>
<td></td>
<td>9/1/2020-8/31/2022</td>
<td>100,000</td>
<td>83,333</td>
</tr>
<tr>
<td></td>
<td>3/15/2020-11/30/2022</td>
<td>90,000</td>
<td>90,000</td>
</tr>
<tr>
<td></td>
<td>7/8/2020-7/9/2021</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>9/1/2020-8/31/2021</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>9/18/2020-9/17/2021</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td></td>
<td>7/1/2020-8/1/2021</td>
<td>18,000</td>
<td>9,691</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>13,500</td>
<td>13,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$1,324,277</strong></td>
</tr>
</tbody>
</table>

Net assets with donor restrictions are restricted for the following purposes or periods:

- $522,500
- $124,997
- $110,833
- $28,000
- $10,360
- $110,000
- $101,063
YOUTH LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2:  NET ASSETS WITH DONOR RESTRICTIONS - concluded

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Restricted Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrus Family Fund:</td>
<td>83,333</td>
</tr>
<tr>
<td>Young Woman's Freedom Center (Sierra Health)</td>
<td>90,000</td>
</tr>
<tr>
<td>Van Loben Selvs/RembeRock Foundation</td>
<td>50,000</td>
</tr>
<tr>
<td>The Annie E. Casey Foundation</td>
<td>50,000</td>
</tr>
<tr>
<td>Van Loben Selvs/RembeRock Foundation</td>
<td>20,000</td>
</tr>
<tr>
<td>Stanford University</td>
<td>9,691</td>
</tr>
<tr>
<td>East Bay Community Foundation</td>
<td>13,500</td>
</tr>
</tbody>
</table>

Total Net Assets with Donor Restrictions $1,324,277

During the fiscal year ended December 31, 2020, net assets with donor restrictions of $1,448,683 were released from restrictions for the following purposes or periods:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2020 Operations</td>
<td>$ 79,167</td>
</tr>
<tr>
<td>FY2020 Program Support</td>
<td>1,369,517</td>
</tr>
<tr>
<td>Total Net Assets Released from Restrictions</td>
<td>$1,448,684</td>
</tr>
</tbody>
</table>

NOTE 3:  ACCOUNTS RECEIVABLE

Accounts receivable, at December 31, 2020 consisted of the following:

<table>
<thead>
<tr>
<th>Receivables</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting Receivables</td>
<td>$ 296,929</td>
</tr>
<tr>
<td>Grants Receivables with Restriction</td>
<td>405,092</td>
</tr>
<tr>
<td>Total</td>
<td>$ 702,021</td>
</tr>
</tbody>
</table>
NOTE 4: LONG TERM ACCOUNTS RECEIVABLE

Long term receivables includes grant awards expected to be received after December 31, 2021. As of December 31, 2020, long term receivables amounted to $220,000.

NOTE 5: LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Center’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 4,203,193</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>702,021</td>
</tr>
<tr>
<td>Total Financial Assets</td>
<td>4,905,214</td>
</tr>
</tbody>
</table>

Less those unavailable for general expenditures within one year due to:

Cash restricted by donor for specific uses:

- Restricted for FY22 & FY23 Quality Parenting Initiative (332,500)

Financial assets available to meet cash needs for general expenditures within one year

$ 4,572,714

The Center has $4,572,714 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures including cash of $4,203,193. Accounts Receivable are subject to implied time restrictions. The Center has $702,021 in receivables expected to be collected in one year.

The Center has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately $211,213. The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.
YOUTH LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6: FIXED ASSETS

As of December 31, 2020 fixed assets consist of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer &amp; Printers</td>
<td>$14,889</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>(4,064)</td>
</tr>
<tr>
<td>Net Fixed Assets</td>
<td>$10,825</td>
</tr>
</tbody>
</table>

NOTE 7: ACCRUED VACATION

The Center has a vacation policy that allows full time employees to accrue vacation at the rate of one and two-thirds days for each full month of service (20 days per year). A maximum accrual of 40 days is allowed. For a part-time employee, the rate of accrual of vacation time shall be reduced to reflect the proportional time worked by the employee. Temporary part time employees do not accrue vacation leave. As of December 31, 2020, accrued vacation amounted to $28,992.

NOTE 8: RETIREMENT PLAN

The Center maintains for the benefit of permanent employees a 401(k) plan. The Center makes contributions to this program on behalf of each permanent employee, who has been employed for two years, in an amount equal to four percent (4%) of the employee’s annual salary. For the year ended December 31, 2020 the Center’s plan contributions amounted to $39,805.
NOTE 9: LEASE COMMITMENTS

The Center entered into a sublease agreement for office space located at 832 Folsom Street, Suite 700, San Francisco, California. The term for the lease is for five years and three months, commencing July 1, 2017 and ending on September 30, 2022.

The minimum future lease payments due under this agreement are as follows:

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>78,246</td>
</tr>
<tr>
<td>2022</td>
<td>59,427</td>
</tr>
<tr>
<td>Total</td>
<td>137,673</td>
</tr>
</tbody>
</table>

NOTE 10: ADVERTISING COSTS

The costs of advertising are expensed as incurred. During the year ended December 31, 2020, advertising expense was $0.

Note 11: LONG-TERM LOANS PAYABLE – PPP LOAN

On April 16, 2020, the Organization received a loan from City National Bank (the Borrower) in the aggregate amount of $254,817, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a Note dated April 16, 2020 issued by the Borrower, matures on April 16, 2022 and bears interest at a rate of 1% per annum. The note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.
NOTE 12: SUBSEQUENT EVENTS

The Center’s management has evaluated its subsequent events through May 13, 2021, the date the financial statements were available to be issued and determined to disclose the following subsequent event:

The spread of coronavirus (COVID-19) around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.