Hamburger Home, Inc.
(dba Aviva Center and Aviva Family and Children's Services)

Financial Statements

June 30, 2022
(With Comparative Totals for 2021)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hamburger Home, Inc.
(dba Aviva Center and Aviva Family and Children's Services)
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Hamburger Home, Inc. (dba Aviva Center and Aviva Family and Children's Services) ("Aviva"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hamburger Home, Inc. (dba Aviva Center and Aviva Family and Children's Services) as of June 30, 2022, 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.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hamburger Home, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

We have previously audited Hamburger Home, Inc. (dba Aviva Center and Aviva Family and Children's Services)'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hamburger Home, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hamburger Home, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hamburger Home, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Armanino LLP

Armanino[LLP]
Los Angeles, California

November 8, 2022

Hamburger Home, Inc.
(dba Aviva Center and Aviva Family and Children's Services)
Statement of Financial Position
June 30, 2022
(With Comparative Totals for 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	$ 1,391,143	$ 1,020,699
Contract receivables	1,680,745	1,640,313
Contributions and grants receivable	338,492	12,620
Deposits and prepaid expenses	491,232	616,192
Investments	5,524,344	6,759,498
Property and equipment, net	3,274,431	4,062,244
Other assets	13,443	16,422
Total assets	$ 12,713,830	$ 14,127,988
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 49,052	$ 93,066
Accrued payroll and related liabilities	877,059	1,153,935
Capital lease payable	71,413	125,441
Contract advances and reserves	1,144,126	1,393,989
Mortgage payable	3,589,338	3,704,417
Forgivable construction loan	1,750,354	1,986,346
Deferred compensation	13,443	16,422
Total liabilities	7,494,785	8,473,616
Net assets		
Without donor restrictions	4,828,529	5,645,820
With donor restrictions	390,516	8,552
Total net assets	5,219,045	5,654,372
Total liabilities and net assets	$ 12,713,830	$ 14,127,988

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

Hamburger Home, Inc.
(dba Aviva Center and Aviva Family and Children's Services)
Statement of Activities
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues, gains, and other support				
Public support				
Government contracts and grants	$ 14,513,580	$ -	$ 14,513,580	$ 14,650,106
Other contract revenue	1,015,880	-	1,015,880	453,200
Conditional grant revenue - Paycheck Protection Program	-	-	-	1,852,981
Contributions and grants	436,911	830,985	1,267,896	926,248
Proceeds from special events, net	61,002	-	61,002	99,253
Donated goods and services	132,679	-	132,679	167,940
Investment return (loss), net	(933,802)	-	(933,802)	1,586,014
Other income	259,938	-	259,938	147,946
Net assets released from restriction	449,021	(449,021)	-	-
Total revenues, gains, and other support	15,935,209	381,964	16,317,173	19,883,688
Functional expenses				
Program services	13,534,801	-	13,534,801	13,991,205
Support services				
Management and general	2,662,520	-	2,662,520	2,903,820
Fundraising	555,179	-	555,179	446,296
Total support services	3,217,699	-	3,217,699	3,350,116
Total functional expenses	16,752,500	-	16,752,500	17,341,321
Change in net assets	(817,291)	381,964	(435,327)	2,542,367
Net assets, beginning of year	5,645,820	8,552	5,654,372	3,112,005
Net assets, end of year	$ 4,828,529	$ 390,516	$ 5,219,045	$ 5,654,372

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

Hamburger Home, Inc.
(dba Aviva Center and Aviva Family and Children's Services)
Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Program Services	Management and General	Fundraising	2022 Total	2021 Total
Personnel expenses					
Salaries and wages	$ 6,749,476	$ 1,222,023	$ 200,122	$ 8,171,621	$ 8,858,556
Payroll taxes	524,704	94,904	15,285	634,893	652,307
Employee benefits	1,128,122	457,939	29,052	1,615,113	1,718,978
Total personnel expenses	8,402,302	1,774,866	244,459	10,421,627	11,229,841
Other expenses					
Advertising and recruiting	18,243	25,643	910	44,796	19,995
Bank charges	-	5,437	8,645	14,082	3,110
Client care	140,988	175	2,896	144,059	115,920
Computer expenses	325,915	138,088	2,741	466,744	455,668
Conferences	35,685	13,822	1,895	51,402	50,043
Dues and subscriptions	8,567	55,874	824	65,265	74,123
Equipment rental	90,363	13,677	1,495	105,535	85,936
Food	218,725	-	-	218,725	173,034
Foster parent expenses	1,272,099	-	4,531	1,276,630	1,135,088
In-kind, supplies	-	-	132,679	132,679	167,940
Insurance	104,055	134,108	7,527	245,690	244,251
Interest expense	74,611	49,361	9,294	133,266	199,039
Office expense	20,792	65,461	19,781	106,034	160,580
Outside services	315,576	53,130	-	368,706	318,806
Postage	2,177	5,450	2,180	9,807	7,178
Printing	-	-	3,734	3,734	528
Professional services	74,008	117,924	59,780	251,712	248,883
Public relations	-	25,367	11,228	36,595	9,634
Rent	923,378	19,717	-	943,095	916,339
Repairs	201,361	41,270	7,656	250,287	99,259
Small equipment	2,396	-	-	2,396	6,963
Supplies	72,858	24,712	3,963	101,533	73,693
Taxes and licenses	12,443	4,089	376	16,908	23,954
Telephone	172,860	37,833	6,251	216,944	227,061
Transportation	112,838	16,730	231	129,799	76,549
Utilities	121,764	22,828	4,348	148,940	129,015
Direct benefit costs	-	-	173,240	173,240	9,872
Total other expenses	4,321,702	870,696	466,205	5,658,603	5,032,461
Depreciation and amortization	810,797	16,958	17,755	845,510	1,088,891
Less: expenses included with revenues on the statement of activities:					
Direct benefit costs	-	-	(173,240)	(173,240)	(9,872)
	$ 13,534,801	$ 2,662,520	$ 555,179	$ 16,752,500	$ 17,341,321

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

Hamburger Home, Inc.
(dba Aviva Center and Aviva Family and Children's Services)
Statement of Cash Flows
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	$ (435,327)	$ 2,542,367
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	845,510	1,088,891
Realized (gains)/losses on sales of investments	(168,482)	(72,484)
Unrealized (gains)/losses on investments	1,216,429	(1,416,330)
Loan forgiveness, construction loan	(235,992)	(235,992)
Changes in operating assets and liabilities		
Contracts receivable	(40,432)	1,526,586
Contributions and grants receivable	(325,872)	7,380
Deposits and prepaid expenses	124,960	(19,440)
Accounts payable and accrued expenses	(44,014)	(70,720)
Accrued payroll and related liabilities	(276,876)	245,408
Contract advances and reserves	(249,863)	(1,480,701)
Refundable advance - Paycheck Protection Program	-	(1,852,981)
Net cash provided by operating activities	410,041	261,984
Cash flows from investing activities		
Proceeds from the sales of investments	791,167	489,914
Purchases of investments	(489,815)	(480,225)
Reinvested dividends and interest, net	(114,145)	(97,200)
Purchases of property and equipment	-	(27,000)
Net cash provided by (used in) investing activities	187,207	(114,511)
Cash flows from financing activities		
Principal payments on mortgage and payable	(115,079)	(60,796)
Principal payments on capital lease obligation	(111,725)	(253,459)
Net cash used in financing activities	(226,804)	(314,255)
Net increase (decrease) in cash and cash equivalents	370,444	(166,782)
Cash and cash equivalents, beginning of year	1,020,699	1,187,481
Cash and cash equivalents, end of year	$ 1,391,143	$ 1,020,699

Supplemental disclosure of cash flow information

Cash paid during the year for interest	$ 133,266	$ 199,039

Supplemental schedule of noncash investing and financing activities

Computer equipment acquired under capital lease	$ 57,697	$ 53,196

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

1. NATURE OF OPERATIONS

Established in 1915, Hamburger Home, Inc. dba Aviva Family and Children's Services ("Aviva") is a 501(c)(3) California nonprofit corporation providing comprehensive therapeutic services to vulnerable children, youth and adults through four program areas: mental health services, crisis intervention, foster and adoption and supporting housing for young women and their children experiencing homelessness. Aviva leadership and staff represent the multicultural, multi-ethnic communities they serve throughout Los Angeles County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in accounting principle

Aviva has adopted the Financial Accounting Standards Board Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires enhancements to presentation and disclosure to increase transparency of contributed nonfinancial assets. ASU 2020-07 is effective for annual reporting periods beginning after June 15, 2021. Aviva adopted ASU 2020-07 during the year ended June 30, 2022.

Basis of presentation

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

Income taxes

Aviva 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.

Financial statement presentation

Aviva reports information regarding its financial position and activities based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Net assets without donor restrictions are resources available to support operations. The only limits on the use of without donor restrictions are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial statement presentation (continued)

- *Net assets with donor restrictions* - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period or are limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from with donor restrictions to without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as donor restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, Aviva's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Aviva's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Cash and cash equivalents

Aviva considers cash on deposit, temporary investments and all highly-liquid financial instruments with original maturities of three months or less to be cash equivalents. There were $489,287 in cash equivalents at June 30, 2022.

Concentrations

Aviva's bank balances occasionally exceed the FDIC-insured limits. Aviva has not experienced and does not anticipate any losses relating to cash held in these accounts.

Concentration of credit risk with respect to trade receivables is limited, as the majority of Aviva receivables consist of earned fees from contract programs granted by governmental agencies. The majority of Aviva's contributions and grants are received from corporations, foundations, and individuals and from California and local governmental entities. As such, Aviva's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for Aviva's services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations (continued)

Aviva received 88.9% or $14,513,580 of its revenue and support from government contracts and awards. Of this amount, 67.4% is funding received from the Los Angeles County Department of Mental Health (see note 13) which consists of 44.3% of federal funding and 55.7% of non-federal funding.

Aviva holds investments in the form of equities, corporate bonds, and mutual funds. The Board of Directors routinely reviews market values of such investments and the credit ratings of bond issuers. Aviva's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to Aviva's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

Investments

Investments are carried at fair value (see Note). Interest and dividend income, and gains and losses on investments are reported in the statement of activities as either increases or decreases in net assets without donor restrictions, unless the use is restricted by donor stipulations or law.

Property and equipment

Land, buildings, property, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Buildings, leasehold improvements, furniture and equipment are capitalized if their costs exceed $5,000. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred.

Assets purchased with government grant or contract funds are subject to certain restrictions including a proprietary interest in such assets and are charged at the time of acquisition to direct costs (expense) in accordance with grantor guidelines and simultaneously recorded as assets and contributions.

Assets purchased with governmental grants or contracts are capitalized and depreciated by Aviva in accordance with accounting standards generally accepted in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings	20 - 40 years
Furniture and fixtures	5 - 10 years
Automobiles	5 years
Computer equipment	5 years
Software	5 years
Other fixed assets	4 - 5 years
Leasehold improvements	Lesser of useful life or term of lease

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provisions were recorded by Aviva during the year ended June 30, 2022.

Contract receivables

Contract receivables are stated at the amount management expects to collect from outstanding balances. Contract receivables are primarily unsecured amounts due on cost reimbursement or performance contracts. Any amount that is denied for reimbursement is written off when management receives notification from the grantor agency. Management provides for probable uncollectible amounts through a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2022, no allowance was established.

Contract advances and reserves

Contract advances consists of board and care overpayments pending refund on request to Los Angeles County Department of Children and Family Services and reserves for pending contract settlements with Los Angeles County Department of Mental Health ("DMH").

At the beginning of each contract year, DMH provides cash flow advances to Aviva equal to two-months of the annual contract. From that point forward Aviva submits monthly invoices to DMH reflecting services performed. At the end of the contract year, Aviva submits its annual cost report to DMH and updates its records to reflects its estimate of amount due to or due from DMH. At June 30, 2022, Aviva estimated that it had a net due from DMH amount of approximately $82,000 (see Note 12).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and revenue recognition

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets are reported as releases between net assets with and without donor restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Accordingly, Aviva recognizes government grant funds as support and revenue when eligible costs are incurred or when eligible services have been rendered. A receivable is recognized to the extent contract support earned exceeds cash advances. Conversely, a liability (deferred revenue) is recorded when contract cash advances exceed support earned. Aviva has received approximately $30,000,000 of cost-reimbursable grants that have not been recognized at June 30, 2022 because qualifying expenses have not yet been incurred. Aviva has accounted for its Paycheck Protection Program advance as a conditional grant. See Note 7.

Contributions, which may include unconditional promises-to-give, are recognized as revenue in the period received or pledges.

Donated goods and services

Donations of goods received that are measurable are recorded as revenue and expense in equal amounts at their estimated fair value when received. Donations of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Expense recognition and allocation

The cost of providing Aviva's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

Support services expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of Aviva.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense recognition and allocation (continued)

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Aviva generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Reclassifications

Certain June 30, 2021 balances were reclassified to confirm with 2022 presentation.

Subsequent events

Aviva has evaluated events subsequent to June 30, 2022, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 8, 2022 the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements.

3. INVESTMENTS

Aviva reports its investments at fair value among three categories of price inputs available. These categories of inputs are quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

The following table sets forth by level, within the fair value hierarchy, Aviva's investments at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Equities	$ 3,978,028	$ -	$ -	$ 3,978,028
Fixed-income	1,303,400	-	-	1,303,400
Hedge funds	242,916	-	-	242,916
	$ 5,524,344	$ -	$ -	$ 5,524,344

3. INVESTMENTS (continued)

Activity in the investments during the year was as follows:

Balance, beginning of year	$ 6,759,498
Realized gains on sales of investments	168,482
Unrealized losses on investments	(1,216,429)
Sales of investments	(791,167)
Purchases of investments	489,815
Reinvested dividends and interest, net of investment expenses of $44,965	114,145
Balance, end of year	$ 5,524,344

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	Government Funded	Aviva Owned	Total
Land	$ -	$ 1,090,084	$ 1,090,084
Buildings	-	10,345,258	10,345,258
Leasehold improvements	68,876	-	68,876
Furniture and fixtures	-	638,162	638,162
Automobiles	212,100	180,544	392,644
Computer equipment	1,559,083	267,847	1,826,930
Software	1,282,901	-	1,282,901
Other fixed assets	-	20,915	20,915
	3,122,960	12,542,810	15,665,770
Accumulated depreciation and amortization	(3,054,538)	(9,336,801)	(12,391,339)
	$ 68,422	$ 3,206,009	$ 3,274,431

Certain equipment has been purchased with federal, State and other granting agencies' funds. These agencies retain a proprietary interest in such property. Property acquired with these funds is considered to be owned by Aviva while used in the program(s) for which it was purchased or in other future authorized programs. Its disposition as well as the ownership of any proceeds therefrom is subject to federal, state, or local regulations.

Total depreciation and amortization expense for the year ended June 30, 2022 was $845,510.

5. ACCRUED PAYROLL, RELATED LIABILITIES AND CONTRACT ADVANCES AND RESERVES

Accrued payroll and related liabilities consisted of the following

Accrued payroll	$	302,444
Accrued vacation		551,578
Other related liabilities		23,037
	$	877,059

Contract advances consisted of the following:

Board and care overpayments - due to County	$	129,846
Mental health contract reserve		1,014,280
	$	1,144,126

6. FORGIVABLE CONSTRUCTION LOAN

Homeless emergency aid program loan

In August 2019, the City of Los Angeles provided Aviva with $2,360,000 in funding received from the State of California's Business, Consumer Services and Housing Agency, pursuant to the Homeless Emergency Aid Program, to support the rehabilitation of a building located at 1701 Camino Palermo Street in Los Angeles, California, in order to establish 42 transitional housing beds for female transition-aged youth who are homeless or are at risk of homelessness. The loan is secured by the property. If Aviva continues to operate the facility at 1701 Camino Palermo Street, then the loan will be forgiven at the rate of $118,000 every six-months for 10-years. During the year ended June 30, 2022, Aviva recognized $235,992 in loan forgiveness related to this forgivable construction loan which has been included within contributions and grants revenue in the accompanying statement of activities.

7. MORTGAGE PAYABLE

Aviva has a mortgage payable in monthly installments with First Citizens Bank maturing December 2028. The mortgage is secured by real property. The mortgage was payable in monthly installments of $21,584 with interest payable monthly at 4.15% per annum, with a balloon payment of $3,285,981 due March 2025. Aviva refinanced this mortgage payable effective January 1, 2022, the mortgage is payable in monthly installments of $18,464 with interest payable monthly at 3.55% per annum, with a balloon payment of $2,943,569 due December 2028. At June 30, 2022 the balance was $3,589,338 and Aviva was in compliance with its financial covenants.

Interest expense incurred for the year ended June 30, 2022 was $133,266.

7. MORTGAGE PAYABLE (continued)

Future minimum payments on the mortgage payable are as follows:

Year ending June 30,	
2023	$ 94,759
2024	98,178
2025	101,721
2026	105,391
2027	109,194
Thereafter	3,080,095
	$ 3,589,338

8. CAPITAL LEASE OBLIGATIONS

Aviva entered into a total of five (5) Lease Agreements with Insight Investments, LLC, for the purposes of financing furnishings and technology, maturing at various dates between October 2021 and October 2025. Monthly installment payments are due on each lease, allocated between principal and interest at an annual rate of 0.395%. Interest expense incurred for the capital lease obligations for the year ended June 30, 2022 was $489.

Capital lease obligations for the year ended June 30, 2022 consisted of the following:

	Monthly Payment	Payments	Lease Balance
Computers and networking equipment (5 leases)	$ 7,411	$ 63,191	$ 71,413

Future maturities of capital lease obligations are as follows:

Year ending June 30,	
2023	$ 30,000
2024	19,543
2025	14,322
2026	7,548
	$ 71,413

9. LINE OF CREDIT

Aviva has a line of credit with Bank of America. The line allows for borrowings up to $3,000,000, with no fixed maturity date and full repayment due on demand. The loan is collateralized by assets held in an investment account at U.S. Trust. Interest accrues at the current index rate, as defined, which was 5.264% at June 30, 2022. There was no outstanding balance at June 30, 2022.

Aviva has a line of credit with First Citizens Bank. The line allows for borrowings up to $2,000,000, with no fixed maturity date and full repayment due on demand. The loan is collateralized by real property. Interest accrues at the current index rate, as defined, which was 5.00% at June 30, 2022. There was no outstanding balance at June 30, 2022.

10. SOURCES OF GOVERNMENT CONTRACT REVENUE

Sources of government contract revenue are as follows:

Los Angeles County Department of Mental Health	$ 10,896,602
Los Angeles County Department of Children and Family Services	3,616,978
	$ 14,513,580

11. DONATED GOODS AND SERVICES

Donated goods and services consisted of the following:

Clothing	$ 35,295
Food	2,390
Supplies	94,994
	$ 132,679

All donated goods and services, received for the year ended June 30, 2022, were considered without donor restrictions.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions during the year are as follows:

	Released from Restrictions	Balance, June 30, 2022
Supportive housing for women and children	$ 394,961	$ 320,213
Support for other programs	54,060	70,303
	$ 449,021	$ 390,516

13. COMMITMENTS AND CONTINGENCIES

Contracts

Aviva's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs.

Included in contract advances is a reserve of $710,478 for the Mental Health contract. This amount reflects the Los Angeles County Department of Mental Health's Combined Settlements and Interim Settlements through 2019-2020.

In September 2021, Aviva entered into a repayment agreement with the Los Angeles County Department of Mental Health to repay the $710,478 with a maximum allowable repayment period of three years.

In April 2022, Aviva requested to defer payment of the $710,478 due to DMH and offset the amount against future receivables from DMH. As of November 8, 2022, DMH has not yet responded to Aviva's request.

Litigation

Aviva is involved in certain litigation, arising from operations, the ultimate outcome of which is not susceptible to reasonable estimation. Management believes that any potential settlements will be compensated from existing insurance coverage.

13. COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments

Aviva leases space at several locations and has obligations for furnishings and equipment under operating leases. Future minimum payments under these leases, with an initial or remaining term of one year or more, are as follows:

Year ending June 30,	Leased Space	Furnishings & Equipment	Total
2023	$ 905,075	$ 49,650	$ 954,725
2024	840,852	24,429	865,281
2025	169,495	1,925	171,420
2026	108,300	-	108,300
2027	108,300	-	108,300
	$ 2,132,022	$ 76,004	$ 2,208,026

Total rent expense for the year ended June 30, 2022 was $943,095. Total furnishings and equipment expense, including maintenance, for the year ended June 30, 2022 was $105,535.

14. RETIREMENT PLANS

Aviva maintains three retirement plans:

Multi-employer defined benefit plan

Aviva participates in the Basic Pension Plan for Employees of Jewish Federation Council of Greater Los Angeles (the "Basic Plan"), identified as Plan 001 and Employer Identification Number 95-1643388. The Basic Plan is a multi-employer pension plan for certain employees of the Jewish Federation Council of Greater Los Angeles and participating affiliate agencies. Substantially all employees hired prior to 2006 are participants in the Basic Plan. The risks of participating in a multi-employer plan are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer 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 Aviva chooses to stop participating in some of its multi-employer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

14. RETIREMENT PLANS (continued)

For the plan year beginning January 1, 2021, the Basic Plan was certified to be in neither endangered nor critical status ("Green Zone") because the Basic Plan's funded percentage was greater than 80%. The Basic Plan has been Green Zone certified since January 1, 2014. The JFC has not made the Basic Plan's financial information available at June 30, 2022, so the total plan assets and accumulated benefit obligations are being omitted from disclosure. During 2022, Aviva contributed $363,299 to the Basic Plan which exceeded 5% of the total plan contributions.

The Basic Plan's audited financial statements and Form 5500 for 2021 are available to the public on the Department of Labor website.

403(b) defined contribution plan

Aviva offers a qualified 403(b) to all employees who were hired after January 1, 2006. This plan has an auto- enrollment feature requiring employees to opt out if they do not wish to make salary deferral contributions to a traditional or Roth retirement account to the extent allowed by law. Employees who have completed one year of service, are age twenty-one or older, and are not included in the Basic Plan may have up to 5% of their contributions matched by Aviva. Employer contributions are made each payroll period. During 2022 Aviva contributed $246,704 to the 403(b) defined contribution plan.

457(b) deferred compensation plan

Aviva established a non-qualified, non-ERISA IRC Section 457(b) plan covering certain employees holding executive positions with Aviva. Under the terms of the plan, executives selected to participate by the Board of Directors will receive benefits upon separation and/or retirement. Aviva intends to fund the benefits on a discretionary basis. Additionally, the plan permits eligible employees to defer part of their own compensation. No pension expense incurred for this plan during the year. At June 30, 2022, Aviva has accrued $13,443 in deferred compensation liability related to this plan which is included within deferred compensation in the accompanying statement of financial position.

15. LIQUIDITY AND AVAILABILITY

Liquidity and availability of financial assets was as follows:

Cash and cash equivalents	$ 1,391,143
Contract receivables	1,680,745
Investments	5,524,344
	8,596,232
Contract advances and reserves	(1,144,126)
Net assets subject to expenditure for specified purpose (see Note 12)	(390,516)
	$ 7,061,590

15. LIQUIDITY AND AVAILABILITY (continued)

Aviva's goal is generally to maintain financial assets to meet 30 days of operating expenses approximately $1,000,000. As part of its liquidity plan, Aviva bills government-funded contracts in accordance with funding terms and conditions or receives periodic advances from funders, generally monthly. Amounts available for expenditure over the period of the next twelve months are dependent on governmental funder's payment cycles which vary from 45 to 50 days. Excess cash, if any, is invested in short-term investments, including money market accounts. Aviva has two lines of credit accounts totaling $5,000,000 available to meet cash flow needs (See Note 9).