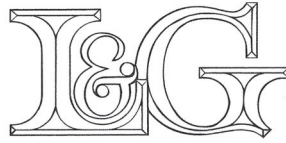


MIZELL CENTER
AND MIZELL ENDOWMENT FUND

PALM SPRINGS, CALIFORNIA

INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR JUNE 30, 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mizell Center
Palm Springs, California

We have audited the accompanying consolidated financial statements of Mizell Center (a nonprofit organization) and Endowment Fund, Mizell Endowment Fund (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 and the standards applicable to financial audits contain in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the Mizell Center and Mizell Endowment Fund as of June 30, 2021, and the respective changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

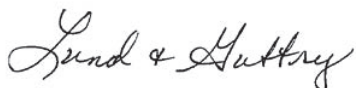
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2022, on our consideration of Mizell Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mizell Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mizell Center's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Mizell Center and Mizell Endowment Fund's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2020. 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 statement from which it has been derived.



March 10, 2022

MIZELL CENTER AND ENDOWMENT FUND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR JUNE 30, 2020

	<u>2021</u>	<u>2020 Total (Memorandum Only)</u>
ASSETS		
Cash and cash equivalents - without donor restrictions	\$ 228,462	\$ 359,951
Cash and cash equivalents - with donor restrictions	125,000	123,424
Accounts receivable	451,923	355,799
Beneficial interest in Inland Empire Community Fund	1,294,255	774,827
Property and equipment, net	450,198	415,873
Donated artwork	19,050	19,050
Other assets	<u>250</u>	<u>348</u>
TOTAL ASSETS	<u>\$ 2,569,138</u>	<u>\$ 2,049,272</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 55,015	\$ 60,582
Line of credit	-	34,975
Accrued payroll expenses	54,362	45,395
Deferred grant	22,500	-
Beneficiary payable	26,856	24,732
Government loan payable	<u>-</u>	<u>317,232</u>
TOTAL LIABILITIES	<u>158,733</u>	<u>482,916</u>
NET ASSETS		
Without donor restrictions	1,017,181	334,194
Without donor restrictions - board designated - endowment	1,253,396	1,083,503
With donor restrictions	<u>139,828</u>	<u>148,156</u>
TOTAL NET ASSETS	<u>2,410,405</u>	<u>1,566,356</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,569,138</u>	<u>\$ 2,049,272</u>

(The accompanying notes are an integral part of these financial statements)

MIZELL CENTER AND ENDOWMENT FUND
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Totals</u>	
	<u>Operating</u>	<u>Board Designated Endowment</u>	<u>Total</u>		<u>2021</u>	<u>2020</u> <u>(Memorandum Only)</u>
REVENUES AND SUPPORT						
Contributions - general	\$ 294,353	\$ 668	\$ 295,021	\$ -	\$ 295,021	\$ 184,054
Government grants	1,935,121	-	1,935,121	56,030	1,991,151	1,405,448
Other grants	-	-	-	153,000	153,000	243,457
Special events	1,654	-	1,654	-	1,654	341,109
Memberships - business partners	37,849	-	37,849	-	37,849	36,764
Memberships - individuals	43,861	-	43,861	-	43,861	57,956
Program services	270,804	-	270,804	100,000	370,804	487,266
Rental income	2,000	-	2,000	-	2,000	28,754
Thrift store income	18,251	-	18,251	-	18,251	50,381
Use of contributed facilities	91,945	-	91,945	-	91,945	91,945
Other income	304,222	-	304,222	-	304,222	5,936
Management contract	138,879	-	138,879	-	138,879	124,754
Interest and dividends	50	26,103	26,153	-	26,153	19,821
Net realized and unrealized (losses) gains						
on investments	-	161,749	161,749	-	161,749	(30,876)
Net gain on disposal of assets	-	-	-	-	-	3,932
Investment management fees	-	(10,692)	(10,692)	-	(10,692)	(9,294)
Endowment distribution	7,935	(7,935)	-	-	-	-
Net assets released from restrictions:						
Purpose restrictions satisfied	317,358	-	317,358	(317,358)	-	-
Total revenue and support	<u>3,464,282</u>	<u>169,893</u>	<u>3,634,175</u>	<u>(8,328)</u>	<u>3,625,847</u>	<u>3,041,407</u>
EXPENSES						
Program services:						
Meals on wheels	950,111	-	950,111	-	950,111	986,709
Nutrition/congregate lunches	636,599	-	636,599	-	636,599	515,032
Other programs	848,759	-	848,759	-	848,759	900,797
Total program services	<u>2,435,469</u>	<u>-</u>	<u>2,435,469</u>	<u>-</u>	<u>2,435,469</u>	<u>2,402,538</u>
Support services:						
Management and general	204,015	-	204,015	-	204,015	207,136
Fundraising	142,314	-	142,314	-	142,314	381,452
Total support services	<u>346,329</u>	<u>-</u>	<u>346,329</u>	<u>-</u>	<u>346,329</u>	<u>588,588</u>
TOTAL EXPENSES	<u>2,781,798</u>	<u>-</u>	<u>2,781,798</u>	<u>-</u>	<u>2,781,798</u>	<u>2,991,126</u>
INCREASE (DECREASE) IN NET ASSETS	<u>682,484</u>	<u>169,893</u>	<u>852,377</u>	<u>(8,328)</u>	<u>844,049</u>	<u>50,281</u>
NET ASSETS - BEGINNING OF YEAR	<u>334,697</u>	<u>1,083,503</u>	<u>1,418,200</u>	<u>148,156</u>	<u>1,566,356</u>	<u>1,516,075</u>
NET ASSETS - END OF YEAR	<u>\$ 1,017,181</u>	<u>\$ 1,253,396</u>	<u>\$ 2,270,577</u>	<u>\$ 139,828</u>	<u>\$ 2,410,405</u>	<u>\$ 1,566,356</u>

(The accompanying notes are an integral part of these financial statements)

MIZELL CENTER AND ENDOWMENT FUND
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES
FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	Meals on Wheels	Nutrition/ Congregate Lunches	Other Programs	2021 Total Program Services	2020 Total Program Services (Memorandum Only)
Salaries	\$ 367,586	\$ 179,978	\$ 451,662	\$ 999,226	\$ 1,002,823
Automobiles expenses	50,231	13,395	3,349	66,975	59,911
Bingo expenses	-	-	205	205	245
Board and staff activities	-	-	2,627	2,627	4,231
Bridge expenses	-	-	-	-	2,887
Building repairs and maintenance	21,262	16,259	25,015	62,536	13,861
Computer supplies	-	-	1,497	1,497	1,286
Food costs	355,735	310,156	97,216	763,107	586,345
Depreciation	19,320	14,280	33,601	67,201	76,222
Employee health insurance	37,399	21,291	50,591	109,281	142,968
Equipment rental and repairs	2,441	2,441	9,765	14,647	14,122
Insurance	1,473	1,473	3,438	6,384	8,917
Janitorial	1,033	588	1,397	3,018	5,082
Kitchen expenses	25,438	25,438	5,653	56,529	82,922
Membership expenses	-	-	3,484	3,484	3,402
Office supplies	142	143	570	855	530
Payroll taxes	23,843	13,574	32,253	69,670	88,045
Printing and postage	-	-	1,683	1,683	1,998
Professional services	3,583	3,583	7,166	14,332	15,392
Program expenses	-	-	30,883	30,883	139,909
Public relations	-	-	6,204	6,204	2,958
Rent - facilities	18,389	18,389	36,778	73,556	73,556
Telephone	1,577	1,577	4,206	7,360	7,505
Thrift store expenses	-	-	1,117	1,117	889
Utilities	5,278	5,278	17,593	28,149	27,946
Workers compensation insurance	15,381	8,756	20,806	44,943	38,586
Total program services	<u>\$ 950,111</u>	<u>\$ 636,599</u>	<u>\$ 848,759</u>	<u>\$ 2,435,469</u>	<u>\$ 2,402,538</u>

(The accompanying notes are an integral part of these financial statements)

MIZELL CENTER AND ENDOWMENT FUND
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - SUPPORT SERVICES
FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	Management and General	Fundraising	2021 Total Support Services	2020 Total Support Services (Memorandum Only)
Salaries	\$ 52,560	\$ 107,885	\$ 160,445	\$ 194,641
Administrative expenses	12,040	-	12,040	6,318
Automobile expenses	526	-	526	27
Bank charges	10,514	-	10,514	15,710
Board and staff activities	2,627	-	2,627	4,231
Business partners expenses	58	-	58	160
Computer supplies	7,984	499	8,483	7,286
Depreciation	16,800	-	16,800	19,055
Dues and subscription	10,473	-	10,473	1,475
Employee health insurance	8,390	9,061	17,451	22,831
Insurance	3,438	-	3,438	4,801
Janitorial expenses	232	250	482	811
Office supplies	1,708	285	1,993	1,238
Office equipment & rentals	9,765	-	9,765	9,414
Payroll taxes	5,349	5,777	11,126	14,059
Printing and postage	5,048	1,683	6,731	7,992
Professional services	21,498	-	21,498	23,087
Public relations	6,204	6,392	12,596	6,005
Rent - facilities	13,792	4,597	18,389	18,389
Special Events	-	50	50	212,113
Taxes and licenses	3,474	-	3,474	2,581
Telephone	2,103	1,052	3,155	3,216
Utilities	5,982	1,056	7,038	6,987
Workers compensation insurance	3,450	3,727	7,177	6,161
Total support services	<u>\$ 204,015</u>	<u>\$ 142,314</u>	<u>\$ 346,329</u>	<u>\$ 588,588</u>

(The accompanying notes are an integral part of these financial statements)

MIZELL CENTER AND ENDOWMENT FUND
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from donors and customers	\$ 3,324,304	\$ 3,076,795
Cash paid to suppliers and employees	(2,919,341)	(3,019,759)
Interest received	<u>50</u>	<u>44</u>
Net cash provided by operating activities	<u>405,013</u>	<u>57,080</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(118,326)	(106,896)
Proceeds received from disposal of assets	-	16,758
Proceeds from investment	<u>(11,625)</u>	<u>168,453</u>
Net cash (used) provided by investing activities	<u>(129,951)</u>	<u>78,315</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on from line of credit - net	(34,975)	(6,955)
Payments to endowment fund	(370,000)	-
Proceeds from government loan	<u>-</u>	<u>317,232</u>
Net cash (used) provided by financing activities	<u>(404,975)</u>	<u>310,277</u>
NET (DECREASE) INCREASE IN CASH	(129,913)	445,672
CASH AT BEGINNING OF YEAR	<u>483,375</u>	<u>37,703</u>
CASH AT END OF YEAR	<u>\$ 353,462</u>	<u>\$ 483,375</u>
RECONCILIATION OF CHANGE IN NET ASSETS		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	<u>\$ 844,049</u>	<u>\$ 50,281</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	84,001	95,277
Change in value of endowment investment	(137,803)	42,137
Loan forgiveness	(317,232)	-
Changes in operating assets and liabilities:		
Accounts receivable	(96,124)	86,054
Other assets	98	3,073
Accounts payable and accrued payroll expenses	(5,567)	(216,429)
Accrued payroll expenses	8,967	(1,753)
Deferred grant	22,500	-
Beneficiary payable	<u>2,124</u>	<u>(1,560)</u>
Total adjustments	<u>(439,036)</u>	<u>6,799</u>
Net cash provided by operating activities	<u>\$ 405,013</u>	<u>\$ 57,080</u>

(The accompanying notes are an integral part of these financial statements)

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Center is a not-for-profit entity incorporated in California on January 21, 1980. The Center's primary source of revenues is contributions from individuals, business, government grants and philanthropic organizations located in the Coachella Valley area of Southern California, investment earnings, and program service fees.

The consolidated financial statements of the Center include its affiliate, the Mizell Center Endowment Fund (the Endowment Fund). This affiliate is a separately incorporated charitable entity that is administered by the Center. All significant intercompany balances and transactions have been eliminated within the consolidated financial statements. The Center and its affiliate are collectively referred to herein as the Center.

Financial Statement Presentation

The Center reports information regarding its financial position and activities according to three classes of net assets; net assets without donor restriction and net asset without donor restriction – board designated, and net assets with donor restriction, based upon the existence or absence of donor-imposed restrictions.

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Net Assets Without Donor Restrictions

These funds represent all resources over which the Board of Directors has discretionary control for use in operating the Center, as well as all property and equipment of the Center.

Net Assets Without Donor Restrictions – Board Designated

These funds represent all resources over which the Board of Directors has discretionary control for use in operating the Center. The Board of Directors have designated funds for an endowment and reserves for the Center.

Net Assets With Donor Restrictions

These funds represent those resources that are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions of \$139,828 and \$148,156, as of June 30, 2021 and 2020, respectively.

Support and Revenue

Annual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give are recorded as revenue when received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue - Continued

Grants and other contributions of cash and other assets are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Program service fees are recorded when services are provided.

Contributions of donated noncash assets are recorded at their fair value in the period received with the exception of items donated for resale at the thrift store. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Center considers all unrestricted, undesignated highly liquid investments with an original maturity of three months or less to be cash equivalents.

Beneficial Interest in Inland Empire Community Foundation

The Endowment Fund has entered into a revocable agreement with Inland Empire Community Foundation, Riverside California (IECF). Under this agreement, the Endowment Fund's investment portfolio is managed by IECF and the Center has been named the beneficiary of those pooled funds. The Center's beneficial interest in IEFC is reported at fair value with gains and losses included in the consolidated statement of activities. Investment income is recorded when earned.

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

Property and Equipment

Property and equipment purchased by the Center are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 31 years. The Endowment Fund has no property or equipment. Equipment purchases using Title III funding, in excess of \$500, are expensed in accordance with grant requirements. The equipment acquired are owned by CDA (California Department on Aging). Prior CDA approval via Riverside County Office on Aging is required for retiring or sales of assets.

Contributed Facilities and Services

The Center occupies land and facilities owned by The City of Palm Springs (the City) under the provisions of a 40 year lease. No lease payments for the premises are made by the Center. The estimated fair value of the land and facilities is reported as contribution and expense in the consolidated statement of activities. The Center's lease expires in October 2028. The fair market value of the lease is \$7,662 per month.

The Center receives donated services from a variety of unpaid volunteers assisting the Center in its program services and fundraising campaigns. No amounts for donated services have been recognized in the accompanying statement of activities since no objective basis is available to measure the value of such services.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services and Functional Allocation of Expenses

The Center provides the following program services:

Meals on Wheels
Nutrition/Congregate Lunch
Other Programs

The costs of providing the Center's various program and support services have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the program and support services benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Center and the Endowment fund are exempt from federal income and California franchise taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the State Revenue and Taxation Code, respectively. The Center and the Endowment Fund policy is to record income tax related interest and penalties in operating expenses. For the year ended June 30, 2021, there was no interest or penalties expense recorded and no accrued interest or penalties.

The Center's and Endowment Fund's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the Internal Revenue Service, generally for three years after they are filed. The Center's and Endowment Fund's Forms 199, California Exempt Organization Annual Information Return, are subject to examination by the Franchise Tax Board, generally for four years after they are filed.

Memorandum Totals

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the prior year, from which the summarized information was derived.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

2. BENEFICIAL INTEREST IN INLAND EMPIRE COMMUNITY FOUNDATION

Under the Endowment Fund's agency agreement with IECF, the Endowment Fund's investment portfolio is managed by IECF and the Center has been named the beneficiary of those pooled funds. The Center's beneficial interest consists of funds invested in a pooled investment fund managed by Inland Empire Community Foundation, Riverside, California. The funds may be petitioned for return to the Center by a two-thirds majority vote of the Center's Board of Directors, subject to IECF's approval. Net realized and unrealized gains and (losses) on investments carried at fair value for the years ended June 30, 2021 and 2020, were \$161,749 and (\$30,876), respectively, and have been included in the consolidated statements of activities and changes in net assets. Investment expenses relating to investment revenue were \$10,692 and \$9,294 for the years ended June 30, 2021 and 2020, respectively.

3. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

Level 2 inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices of identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means

As of June 30, 2021 and 2020 the Organization had investments of \$1,294,255 and \$774,827 valued at the level 2 measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Inland Empire Community Foundation Endowment Investments (the Foundation). The beneficial interest in assets held at Inland Empire Community Foundation has been valued, as a practical expedient, at the fair value of the Center's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting.

- The estimated fair values of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

3. FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Building Improvements	\$ 2,024,800	\$ 1,986,201
Vehicles	291,807	259,213
Equipment	197,097	162,513
Computer Lab	27,205	17,955
Construction in process	<u>3,300</u>	<u>-</u>
	2,544,209	2,425,882
Less accumulated depreciation and amortization	<u>(2,094,011)</u>	<u>(2,010,009)</u>
Net property and equipment	<u>\$ 450,198</u>	<u>\$ 415,873</u>

5. DONATED ARTWORK

Artwork donated to the Center and considered inexhaustible is recorded at estimated fair market value at the date of donation. The Center's collection includes paintings, sculptures and similar art objects. Donated artwork amounted to \$19,050 at June 30, 2021 and 2020.

6. LEASE COMMITMENTS

The Center leases certain office equipment under operating leases on recurrent and month-to-month basis. Equipment rental expense for the years ended June 30, 2021 and 2020, was \$24,413 and \$23,535, respectively. The Center has one operating lease that has a term in excess of one year and was entered into during July 2017 and expires June 2022. Future minimum lease payments under the operating leases will be \$15,780 annually through June 2022.

As discussed in Note 1, the Center also leases its facilities from the City of Palm Springs. Contributed facilities rent expense for the years ended June 30, 2021 and 2020, was \$91,945 for both years. The lease with the City is effective until October 2028, or sooner in the case of a qualifying event.

7. ENDOWMENT FUNDS

Board-designated Endowment

As of June 30, 2021, the Board of Directors had designated \$1,253,396 of net assets without donor restrictions as a general endowment fund to support the operations of the Center. Since these amounts resulted from internal designations and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

7. ENDOWMENT FUNDS (Continued)

The Center has transferred assets to Inland Empire Community Foundation as an agency component fund (“Fund”) for the benefit of the Center. The Fund is subject to IECF’s investment and spending policies which currently results in a gross annual distribution to the Center of 5% of the endowment’s principal market value based on a rolling twelve quarter average, payable to the Center in monthly installments. The Center reports the fair value of the Fund as Beneficial Interest in Inland Empire Community Foundation in the statement of financial position and reports changes in the value of the fund as gains or losses in the statement of activities.

Investment Return Objectives, Risk Parameters and Strategies. The Center has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Distributions from the endowment to the Center were \$7,935 and \$42,213 for years ended June 30, 2021 and 2020, respectively. During the year ending June 30, 2021, the Board of Directors discontinued distributions to the Center and future distributions will be re-evaluated in the future.

Donor-designated Endowment

The Center is the recipient of donor restricted endowment funds that may be used for unrestricted purposes upon the death of the donors. The funds have been transferred to Inland Empire Community Foundation as an agency. The Center reports the fair value of these funds as a portion of the Beneficial Interest in Inland Empire Community Foundation in the statement of financial position and reports changes in the value of the fund as gains or losses in the statement of activities.

Endowment Net Assets are composed entirely of assets without donor restrictions- board designated and assets with donor restrictions with a value of \$1,268,224 at June 30, 2021.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,083,503	\$ 24,732	\$ 1,108,235
Investment income	26,103	-	26,103
Net investment gain (loss)	161,749	1,731	163,480
Contributions	668	-	668
Amounts appropriated for expenditures	(7,935)	(11,635)	(19,570)
Investment and administrative fees	<u>(10,692)</u>	<u>-</u>	<u>(10,692)</u>
Endowment net assets, end of year	<u>\$ 1,253,396</u>	<u>\$ 14,828</u>	<u>\$ 1,268,224</u>

Endowment Net Assets are composed entirely of assets without donor restrictions- board designated and assets with donor restrictions with a value of \$1,108,235 at June 30, 2020.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

7. ENDOWMENT FUNDS (Continued)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,146,109	\$ 38,609	\$ 1,184,718
Investment income	19,777	-	19,777
Net investment gain (loss)	(30,876)	-	(30,876)
Contributions	-	-	-
Amounts appropriated for expenditures	(42,213)	(13,877)	(56,090)
Investment and administrative fees	(9,294)	-	(9,294)
Endowment net assets, end of year	<u>\$ 1,083,503</u>	<u>\$ 24,732</u>	<u>\$ 1,108,235</u>

	<u>2021</u>	<u>2020</u>
Beneficial interest in Inland Empire Community Fund	\$ 1,294,255	\$ 774,827
Endowment receivable from the Center, end of year*	-	370,000
Release of restrictions	(26,031)	(13,877)
Endowment payable to the Center, end of year*	-	(22,715)
Total Endowment fund net assets, end of year	<u>\$ 1,268,224</u>	<u>\$ 1,108,235</u>

*The \$370,000 amount payable from the Endowment Fund to the Center, relates to advances for cash flows during the year and is off set by the Center's receivable and payable, therefore the consolidated statement of financial position does not show this detail. In July 2020 and April 2021, the Board approved the repayments of \$200,000 and \$170,000, respectively, to the Endowment Fund.

8. LINE OF CREDIT

The Center has a secured line of credit with a maximum amount available of \$50,000 at an interest rate of 6.25%. This line of credit was most recently renewed December 10, 2021 and will mature on December 10, 2022. The balance as of June 30, 2021 and 2020 was \$0 and \$34,975, respectively.

9. MANAGEMENT CONTRACT

During the year June 30, 2017, the Center entered into a management agreement with the City of Desert Hot Springs where the Center and staff hired by the Center will function as the service provider for the Desert Hot Springs Senior Center effective March 1, 2017 through March 1, 2020. In February 2020, the Center signed an amendment to their contract with the City of Desert Hot Springs, extending the contract period for an additional 4 months, through the end of June 2020. The annual not to exceed compensation for this agreement will be \$125,000 per year plus an additional \$41,667 for the extended period. In May 2020, the agreement was amended to reference a specific budget for the 2020/2021 fiscal year. The total compensation received for this contract for the year ended June 30, 2021 was \$138,879.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

10. EMPLOYEE'S 403(b) PLAN

The Center established a 403(b) plan in August 2019 for its employees to contribute to with the possibility for employer matching contributions as approved by the Board of Directors. All employees are eligible to participate, except those that who are non-resident aliens with no U.S. source income. In order to receive employer matching contributions an employee must complete at least one year of service and work 1,000 hours each year. For the years ending June 30, 2021 and 2020 there were no employer matching contributions. Effective January 2022 the Board approved a new policy to match employee contributions up to 2%.

11. LIQUIDITY

The Center 's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 228,462
Accounts receivables	<u>451,923</u>
Total	<u>\$ 680,385</u>

Income from donor-restricted sources is restricted for specific purposes and, therefore, is not available for general expenditure. Board designated cash and investments are excluded from the above liquidity determination since the Board has not released any designations as of June 30, 2021.

12. GOVERNMENT LOAN PAYABLE

In April 2020 the Organization received a Paycheck Protection Program loan in the amount of \$317,232. This two-year loan was offered to qualifying small businesses in order to provide financial assistance during the COVID-19 crisis and is to be used to cover payroll costs and other qualifying expenses. Management has elected to use guidance under ASC 470 which indicates these funds are to be reflected as a liability until it is legally released as an obligation to pay. Loans under this program may be forgiven in full provided funds are used to pay for qualifying expenses. The Organization received forgiveness in full in March 2021 and the balance of the loan was recognized as income during the year ended June 30, 2021.

13. UNCERTAINTIES

In March 2020, to comply with California mandated closures due to the COVID-19 pandemic, the Center closed all activities open to the members and renters at its facility through June 15, 2021. Meal service for the Congregate Meal program did continue as a "take-out" meal program for program participants. The Meals on Wheels program continued providing services to its home bound clients and has seen an increase in qualifying participants. Due to the ongoing pandemic there continues to be economic uncertainty as to possible future operational limitations for the Center.

14. SUBSEQUENT EVENTS

The Center evaluated all potential subsequent events as of March 10, 2022 when the financial statements were authorized and available to be issued. No subsequent events were identified after June 30, 2021 or as of March 10, 2022 that require disclosure to the financial statements, other than the item described in Note 10 and noted below.

MIZELL CENTER AND ENDOWMENT FUND

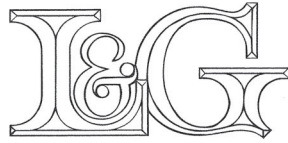
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

14. SUBSEQUENT EVENTS (Continued)

As of October 2021, the Mizell Center has started planning the launch of the “Mizell Kitchen Expansion Capital Campaign 2022”, a \$1.1 million initiative to fund the expansion of the existing kitchen with an additional 1,134 square feet of work space and modern, energy efficient appliances, potentially double the existing staff which will allow a greater opportunity to provide other local no-profits with meals for their clients, more opportunities for volunteer involvement, service and engagement. The capital campaign is expected to officially launch on April 10th, 2022.

SUPPLEMENTARY INFORMATION



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Mizell Center
Palm Springs, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Mizell Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mizell Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mizell Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mizell Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

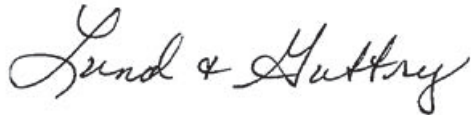
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

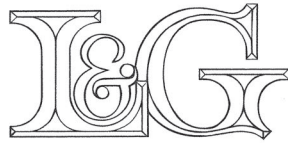
As part of obtaining reasonable assurance about whether Mizell Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lund & Guttery".

March 10, 2022



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Mizell Center
Palm Springs, California

Report on Compliance for Each Major Federal Program

We have audited Mizell Center's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Mizell Center's major federal programs for the year ended June 30, 2021. Mizell Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mizell Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mizell Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mizell Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Mizell Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

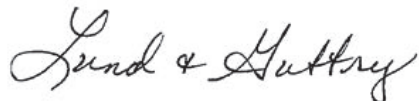
Report on Internal Control over Compliance

Management of Mizell Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mizell Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mizell Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose



March 10, 2022

MIZELL CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

<u>Federal Grantor/Pass-Through Agency/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Pass-through programs from:			
County of Riverside Office on Aging			
Title IIIC1 - Congregate Nutrition	93.045	OA60751FY21	\$ 249,852
Title IIIC1 - Congregate Nutrition - COVID	93.045	OA60753FY21	112,294
Title IIIC1 - Congregate Nutrition - Incentive Program	93.045	OA60750FY21	71,762
OTO Title IIIC1 - Congregate Nutrition	93.045	OA60773FY21	49,991
Title IIIC2 - Home-Delivered Nutrition - COVID	93.045	OA42119FY21C	136,130
Title IIIC2 - Home-Delivered Nutrition	93.045	OA60451FY21	537,878
OTO Title IIIC2 - Home-Delivered Nutrition	93.045	OA60473FY21	35,277
OTO Title IIIC2 - Home-Delivered Nutrition - COVID	93.045	OA42119FY21	16,016
Title IIIC1/C2 CVOID 19 Relief	93.045	OA42119FY21A	57,670
Title IIIC1: COVID 19 Relief - CARES Act	93.045	OA42119FY21B	<u>179,650</u>
		Total U.S. Department of Health and Human Services	<u>1,446,520</u>
U.S. Department of Housing and Urban Development			
Pass-through program from:			
City of Palm Springs			
Community Development Block Grant Program	14.218		<u>56,030</u>
		Total U.S. Department of Housing and Urban Development	<u>56,030</u>
U.S. Department of Agriculture			
Pass-through program from:			
FIND Food Bank			
Coronavirus Food Assistance Program 1	10.130		94,302
Emergency Food Assistance Program	10.569		1,414
Coronavirus Relief Fund	21.019		<u>1,500</u>
		Total U.S. Department of Agriculture	<u>97,216</u>
		Total expenditures of federal awards	<u>\$ 1,599,766</u>

MIZELL CENTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Mizell Center under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mizell Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mizell Center.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

Mizell Center has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

MIZELL CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Mizell Center were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Mizell Center, were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and Internal Control Over Compliance Required By The Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for Mizell Center expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that should be disclosed in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:

<u>Program Name</u>	<u>CFDA#</u>
Title IIIC1 – Congregate Nutrition	93.045
Title IIIC2 – Home-Delivered Nutrition	93.045

8. The dollar threshold used for distinguishing between Type A and B programs was \$750,000.
9. Mizell Center was determined not to be low-risk auditee.

B. Findings – Financial Statements Audit

None

C. Findings And Questioned Costs – Major Federal Award Programs Audit

There were no findings and questioned costs for the year ended June 30, 2021.

MIZELL CENTER

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL COMPLIANCE

There were no prior year findings and questioned costs for the year ended June 30, 2020.