

SELF ENHANCEMENT, INC. and  
SELF ENHANCEMENT FOUNDATION, INC.

Audited Consolidated Financial Statements

For the Year Ended June 30, 2021



MCDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Self Enhancement, Inc.

### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of Self Enhancement, Inc. and Self Enhancement Foundation, Inc. (Oregon nonprofit organizations) 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 the 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 consolidated 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 consolidated 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 contained 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial position of Self Enhancement, Inc. and Self Enhancement Foundation, Inc. as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Report on Summarized Comparative Information*

We have previously audited Self Enhancement, Inc., and Self Enhancement Foundation, Inc.'s 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 17, 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 consolidated financial statements from which it has been derived.

### *Other Matters*

#### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information in Schedules I through II (supplementary information) 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 January 20, 2022, on our consideration of Self Enhancement, Inc.'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 Self Enhancement, Inc.'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 Self Enhancement, Inc.'s internal control over financial reporting and compliance.

*McDonald Jacobson, P.C.*

Portland, Oregon  
January 20, 2022

SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 June 30, 2021  
 (With comparative totals for 2020)

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,443,527	\$ 3,034,535
Accounts receivable	3,061,360	2,356,406
Contributions and grants receivable, net	12,591,519	158,500
Prepaid expenses, deposits, and other assets	139,918	68,777
Investments	22,472,121	17,704,448
Property and equipment, net	6,029,786	6,318,868
<b>TOTAL ASSETS</b>	<b>\$ 50,738,231</b>	<b>\$ 29,641,534</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 822,935	\$ 530,344
Accrued payroll and related expenses	924,425	926,134
Deferred revenue	66,403	101,895
Refundable advance	1,997,564	1,977,818
Notes payable	495,000	607,506
Margin note payable	-	1,000,000
Total liabilities	4,306,327	5,143,697
Net assets (deficit):		
Without donor restrictions:		
Available for general operations	783,488	(919,370)
Board designated endowment fund	3,004,076	-
Net investment in property and equipment	5,534,786	5,711,363
Total without donor restrictions	9,322,350	4,791,993
Net assets with donor restrictions:		
With expiring restrictions - program	23,286,910	2,883,200
With perpetual restrictions	13,822,644	16,822,644
Total net assets with donor restrictions	37,109,554	19,705,844
Total net assets	46,431,904	24,497,837
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 50,738,231</b>	<b>\$ 29,641,534</b>

See notes to consolidated financial statements.

SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 CONSOLIDATED STATEMENT OF ACTIVITIES  
 For the year ended June 30, 2021  
 (With comparative totals for 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Support and revenue:</b>				
Government contracts	\$ 19,016,561	\$ -	\$ 19,016,561	\$ 15,615,954
Contributions	1,436,084	16,009,167	17,445,251	1,745,817
Special events, net of direct costs of \$91,978 for 2021 (\$299,472 for 2020)	1,272,326	-	1,272,326	750,720
Other revenue	372,336	-	372,336	123,260
Total revenue	22,097,307	16,009,167	38,106,474	18,235,751
 Net assets released from restrictions:				
Satisfaction of purpose restrictions	599,563	(599,563)	-	-
Release from restriction - scholarships	194,783	(194,783)	-	-
Other transfers	3,738,800	(3,738,800)	-	-
Total support and revenue	26,630,453	11,476,021	38,106,474	18,235,751
 <b>Expenses:</b>				
Program services:				
In-school programming	7,485,474	-	7,485,474	6,702,258
Extended day services	2,598,439	-	2,598,439	2,752,592
Community and family programming	7,504,924	-	7,504,924	6,117,319
Other programming	812,178	-	812,178	205,414
Total program services	18,401,015	-	18,401,015	15,777,583
Fundraising	1,154,944	-	1,154,944	1,191,627
Management and general	2,330,814	-	2,330,814	2,931,255
Total expenses	21,886,773	-	21,886,773	19,900,465
 Change in net assets from operations	4,743,680	11,476,021	16,219,701	(1,664,714)
 <b>Non-operating and endowment activities:</b>				
Interest and dividend income	(117,084)	529,554	412,470	256,775
Net change in value of investments	(91,209)	5,398,135	5,306,926	399,570
Endowment expenses	(5,030)	-	(5,030)	(5,222)
 Change in net assets	4,530,357	17,403,710	21,934,067	(1,013,591)
 <b>Net assets:</b>				
Beginning of year	4,791,993	19,705,844	24,497,837	25,511,428
End of year	\$ 9,322,350	\$ 37,109,554	\$ 46,431,904	\$ 24,497,837

See notes to consolidated financial statements.

SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
 For the year ended June 30, 2021  
 (With comparative totals for 2020)

	Program Services					Supporting Services				Total 2021	Total 2020
	In-School Programming	Extended Day Services	Community and Family Programming	Other Programming	Total Program Services	Fund- raising	Management and General	Facilities			
Salaries and related expenses	\$ 3,232,630	\$ 1,593,302	\$ 2,869,751	\$ 206,964	\$ 7,902,647	\$ 841,114	\$ 1,483,453	\$ 331,276	\$ 10,558,490	\$ 11,355,536	
Professional services	1,100	410	50,862	69,150	121,522	46,307	118,498	156	286,483	356,843	
Incentives, stipends and scholarships	554,408	16,522	1,063	3,356	575,349	-	-	-	575,349	470,315	
Events, activities and program supplies	164,655	230,818	160,729	65,607	621,809	95,772	3,698	40	721,319	702,719	
Direct client assistance	108,175	425,680	3,733,319	328,265	4,595,439	-	23,161	-	4,618,600	2,405,479	
Contract services	3,065,638	41,347	191,818	19,604	3,318,407	35,025	25,975	-	3,379,407	2,922,943	
Facility rental	-	-	129,678	5,000	134,678	-	-	-	134,678	90,569	
Transportation	3,624	436	6,050	38	10,148	-	330	536	11,014	170,418	
Equipment maintenance and rental	21,169	24,410	59,776	12,358	117,713	16,504	24,363	34,321	192,901	175,897	
Building and grounds maintenance	-	-	-	1,685	1,685	-	-	42,148	43,833	71,783	
Utilities	-	-	-	282	282	-	-	90,977	91,259	107,766	
Telephone	22,976	11,838	53,714	210	88,738	3,214	6,216	37,093	135,261	117,372	
Insurance	22,896	17,316	21,818	-	62,030	38,573	15,851	44,284	160,738	153,032	
Travel and mileage	1,684	444	3,868	30	6,026	16	36	102	6,180	50,601	
Bad debt expense	-	-	35,250	-	35,250	3,000	5,125	-	43,375	61,848	
Interest expense	-	-	-	161	161	-	23,032	9,082	32,275	83,047	
Other operating costs	56,019	36,615	77,098	30,310	200,042	140,055	190,680	779	531,556	521,314	
Depreciation	-	-	-	-	-	-	298,407	-	298,407	324,079	
Other allocated expenses	55,772	24,573	50,348	791	131,484	6,817	17,329	7,026	162,656	63,598	
Facilities allocation	174,728	174,728	59,782	68,367	477,605	20,525	99,690	(597,820)	-	-	
Total expenses before non-operating expenses and expenses netted with revenues	7,485,474	2,598,439	7,504,924	812,178	18,401,015	1,246,922	2,335,844	-	21,983,781	20,205,159	
Less endowment expenses	-	-	-	-	-	-	(5,030)	-	(5,030)	(5,222)	
Less special event direct benefit costs netted with revenue	-	-	-	-	-	(91,978)	-	-	(91,978)	(299,472)	
Total expenses	\$ 7,485,474	\$ 2,598,439	\$ 7,504,924	\$ 812,178	\$ 18,401,015	\$ 1,154,944	\$ 2,330,814	\$ -	\$ 21,886,773	\$ 19,900,465	
<b>Supplemental Information:</b>											
Allocation of expenses for grant reporting purposes*:											
Facilities allocation	(174,728)	(174,728)	(59,782)	(68,367)	(477,605)	(20,525)	498,130	-	-	-	
Allocation of indirect costs*	1,124,969	669,895	1,288,220	83,217	3,166,301	(272,601)	(2,893,700)	-	-	-	
Expenses with allocated expenses for grant reporting*	\$ 8,435,715	\$ 3,093,606	\$ 8,733,362	\$ 827,028	\$ 21,089,711	\$ 861,818	\$ (64,756)	\$ -	\$ 21,886,773	\$ 19,900,465	

\*Management allocates shared costs under an indirect cost rate; allocation does not constitute allocations under generally accepted accounting principles.

See notes to consolidated financial statements.

SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 CONSOLIDATED STATEMENT OF CASH FLOWS  
 For the year ended June 30, 2021  
 (With comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Cash received from contributors and through service contracts	\$ 25,135,969	\$ 20,338,064
Interest and dividends received	407,440	251,553
Cash paid to employees and suppliers	(21,428,328)	(19,560,392)
Cash paid for interest	<u>(32,275)</u>	<u>(83,047)</u>
Net cash flows from operating activities	<u>4,082,806</u>	<u>946,178</u>
<b>Cash flows from investing activities:</b>		
Additions to investments	(10,200,701)	(2,991,798)
Proceeds from sale of investments	10,739,954	3,767,484
Capital expenditures	<u>(100,561)</u>	<u>(12,841)</u>
Net cash flows from investing activities	<u>438,692</u>	<u>762,845</u>
<b>Cash flows from financing activities:</b>		
Payments on note payable	(1,112,506)	(81,917)
Net proceeds from (payments on) lines of credit	<u>-</u>	<u>(387,702)</u>
Net cash flows from financing activities	<u>(1,112,506)</u>	<u>(469,619)</u>
 Net change in cash and cash equivalents	 3,408,992	 1,239,404
Cash and cash equivalents - beginning of year	<u>3,034,535</u>	<u>1,795,131</u>
Cash and cash equivalents - end of year	<u>\$ 6,443,527</u>	<u>\$ 3,034,535</u>

See notes to consolidated financial statements.

SELF ENHANCEMENT, INC. AND  
SELF ENHANCEMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021

1. THE ORGANIZATIONS

Self Enhancement, Inc. (Self Enhancement) is a nonprofit corporation organized and incorporated under the laws of the State of Oregon. Self Enhancement was founded in 1980 under the auspices of the Albina Ministerial Alliance. Self Enhancement is dedicated to guiding underserved youth to realize their full potential. Working with schools, families, and partner community organizations, Self Enhancement provides support, guidance, and opportunities to achieve personal and academic success. Self Enhancement brings hope to individual young people and enhances the quality of community life.

In April 2002, Self Enhancement (as sole member) formed Self Enhancement Foundation, Inc. (the Foundation), a nonprofit corporation. The mission of the Foundation is to support Self Enhancement and to implement fund-raising programs in coordination with Self Enhancement for the long-term and exclusive benefit of the programs and activities of Self Enhancement.

A significant portion of Self Enhancement's support is from contracts with Multnomah County, State of Oregon, U.S. Department of Education and U.S. Department of Housing & Urban Development to carry out its programs. These revenues approximated \$15.8 million (36%) of total revenue and support for the year ended June 30, 2021 and \$15.4 million (82%) for the year ended June 30, 2020. Additionally, the Organizations' support included one major donor, which accounted for approximately 34% of total revenue and support for the year ended June 30, 2021.

Self Enhancement's programs include:

In-School Programming

To realize its mission, Self Enhancement's goal is to have all of its core students become "positive contributing citizens," by which Self Enhancement means young adults who have not only graduated from high school but also have sustained at least 2 years of post-secondary education or employment. Self Enhancement has learned over the years that program participants who have met these thresholds are well set to succeed in life. Self Enhancement works to achieve this goal in four ways; 1) The Relationship Model, 2) The Culture of Success, 3) Comprehensive Approach and 4) Continuum of Services. Services are provided on a year-round basis through the In-School Program, the After-School Program and the Summer Program.



SELF ENHANCEMENT, INC. AND  
SELF ENHANCEMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2021

1. THE ORGANIZATIONS, Continued

Extended Day Services

Self Enhancement provides after school and summer program services to youth aged 6-22, annually, during the school year and summer. These program services include individualized academic support, homework assistance, and enrichment activities at the Center for Self Enhancement, as well as at our Schools Uniting Neighborhoods Community Learning Centers. Self Enhancement serve 10 Portland Public Schools and 6 additional schools in Multnomah County. In addition, SEI's Leadership Post High programs are designed to allow at-risk students the opportunity to participate in life skills development programs, peer discussion, and college & career exploration opportunities.

Community and Family Programming

Self Enhancement, Inc.'s Community and Family Programs (CFP) are designed to provide families with the resources, supports, and wrap-around services needed to help ensure they are safe, stable, and have their critical social, emotional, and economic needs met. CFP services address economic disparities by providing a broad continuum of anti-poverty, family stabilization, and employment services that are culturally specific for African American families and/or culturally responsive for other families in need.

Other Programming

Other programming services include program advancement and internal data and evaluation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of Self Enhancement, Inc., and Self Enhancement Foundation, Inc., (collectively, the Organizations). All significant inter-organization amounts have been eliminated in consolidation.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

SELF ENHANCEMENT, INC. AND  
SELF ENHANCEMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Assets, Continued

- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the consolidated financial statements, the Organizations consider all liquid investments having maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents included in investments are considered investments.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

Contributions and Grants Receivable

Contributions and grants receivable are reported at the amount management expects to collect on balances outstanding at year-end. The Organizations provide for losses on amounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of donors to meet their obligations.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using estimated market interest rates. Amortization of the discount is included in contributions on the consolidated statement of activities.

SELF ENHANCEMENT, INC. AND  
SELF ENHANCEMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Investments

Investments in marketable securities with readily determinable fair values, and all investments in debt securities, are valued at their fair value in the statement of financial position. Investments in limited partnerships are reported at fair value as determined by the general partners. Donor-restricted investment income is reported as an increase in net assets with donor restrictions and classified according to the nature of the restriction. All other investment income is reported as an increase in net assets without donor restrictions. Interest and dividend income is accrued as earned and reported net of investment advisory fees.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost, and at estimated fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, generally 5 to 50 years for buildings and related improvements, and 3 to 10 years for furniture, equipment and vehicles.

Refundable Advance

The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. Upon satisfaction of the conditions, the advance will be recognized as revenue.

Revenue Recognition

Revenues from various sources are recognized as follows:

**Government Contracts:** Government grants and contracts are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organizations have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Organizations have been awarded cost-reimbursable grants of approximately \$11.1 million for the period through December 2023 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred. The Organizations received approximately \$66,000 and \$102,000 as advances on these grants as of June 30, 2021 and 2020, respectively.

SELF ENHANCEMENT, INC. AND  
SELF ENHANCEMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

**Contributions:** Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organizations are notified of the commitment. Bequests are recorded as revenue at the time the Organizations have an established right to the bequest and the proceeds are measurable. 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.

**Special Events:** The Organizations record special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Sponsorships are recorded as revenue at the time of the commitment unless commensurate value is included a part of the agreements. The portion of the sponsorship revenue that relates to commensurate value of the sponsor received in return is recognized when the related events are held and performance obligations are met.

**Donated Assets and Services:** Donations of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an integral part of the Organizations' activities.

The Organizations report as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated.

In addition, the Organizations regularly receive contributed services from a large number of volunteers who assist in fundraising and other efforts through their participation in a range of events and by working with members of the Organizations' staff in a variety of capacities. These services do not meet the specific criteria for recognition of contributed services and have not been included in the financial statements.

See Note 7 for information regarding the favorable lease of land by Self Enhancement.

Income Taxes

The Organizations are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The Organizations are not private foundations.

SELF ENHANCEMENT, INC. AND  
SELF ENHANCEMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Taxes, Continued

Some income received from investments in pass-through entities, resulting from activities considered not substantially related to the Organizations' tax exempt purpose, may be subject to reporting as unrelated business income. Taxes resulting from unrelated business income were insignificant to the financial statements for 2021 and 2020.

The Organizations follow the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organizations' tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses, professional services, vehicle and equipment rentals, repairs and maintenance, insurance, outside information technology, telephone, supplies, and other operating costs, which are allocated based on estimates of time and effort. Facilities costs are allocated based on square footage.

Change in Accounting Principle

The Organizations have implemented Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* beginning in 2021. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. The various provisions of this standard resulted in no significant changes in the way the Organizations recognize revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis. The Organizations currently do not have revenue streams subject to this standard.

Use of Estimates

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

Reclassifications

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

SELF ENHANCEMENT, INC. AND  
SELF ENHANCEMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Summarized Financial Information for 2020

The accompanying financial information as of and for the year ended June 30, 2020 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Subsequent Events

The Organizations have evaluated all subsequent events through January 20, 2022, the date the consolidated financial statements were available to be issued.

Future Accounting Standard

Effective for financial statements for the year ending June 30, 2023, the Organizations expects to adopt a new accounting standard issued by the Financial Accounting Standards Board (FASB) that will require significant changes in accounting for operating leases under which the Organizations are lessees. Upon adoption, among other effects, the Organizations will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes may require certain retrospective adjustments. The qualitative effects on the Organizations' future financial statements of these changes and related retrospective adjustments have not yet been determined.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organizations regularly monitor liquidity required to meet their operating needs and other contractual commitments, while also striving to maximize the investment of their available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organizations consider all expenditures related to their primary operations to be general expenditures. They exclude financial assets with donor or other restrictions limiting their use.

SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
 June 30, 2021

3. AVAILABLE RESOURCES AND LIQUIDITY, Continued

Financial assets of the Organizations consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 6,443,527	\$ 3,034,535
Accounts receivable	3,061,360	2,356,406
Contributions and grants receivable, net	12,591,519	158,500
Investments	<u>22,472,121</u>	<u>17,704,448</u>
	44,568,527	23,253,889
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	(37,109,554)	(19,705,844)
Board designated endowment funds	(3,004,076)	-
Plus other amounts available:		
Approved distribution from endowment	<u>931,800</u>	<u>761,390</u>
Financial assets available for general expenditure	<u>\$ 5,386,697</u>	<u>\$ 4,309,435</u>

See Note 6 for information on margin loan and Note 8 for information on line of credit. Also see Notes 11 and 15 on board designated net assets.

4. ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and consist of amounts due from a variety of government agencies based upon annual contracts to provide services. Billings are prepared monthly, based on services provided. No reserve for uncollectible accounts has been established, as all accounts receivable are deemed by management to be fully collectible. Accounts receivable include the following at June 30:

	<u>2021</u>	<u>2020</u>
Multnomah County	\$ 822,796	\$ 623,783
Dept. of Housing and Urban Development	33,578	328,166
City of Portland	529,585	284,263
State of Oregon	453,869	155,308
US Department of Education	434,051	325,906
Portland Public Schools	360,092	286,421
Other	<u>427,389</u>	<u>352,559</u>
Total accounts receivable	<u>\$ 3,061,360</u>	<u>\$ 2,356,406</u>

SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
 June 30, 2021

5. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Expected to be collected within:		
One year	\$ 2,675,000	\$ 208,500
Two to five years	<u>10,056,570</u>	<u>-</u>
	12,731,570	208,500
Less discount on long term pledge	106,673	-
Less allowance for uncollectible amounts	<u>33,378</u>	<u>50,000</u>
Contributions and grants receivable, net	<u>\$ 12,591,519</u>	<u>\$ 158,500</u>

Contributions and grants at June 30, 2021 include a pledge receivable of \$12.5 million from an individual.

Unconditional promises to give and grants receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 5.0%.

6. INVESTMENTS

Investments held by the Organizations are stated at fair value and consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Equity mutual funds	\$ 8,679,834	\$ 7,728,216
Fixed income mutual funds	4,201,402	2,954,755
Equities - common stock	5,292,907	2,161,068
Multi-advisor funds and other investments	697,925	630,117
Alternative investments	3,197,780	3,916,738
Other stock investment	104,430	104,430
Cash equivalents	<u>297,843</u>	<u>209,124</u>
Total investments	<u>\$ 22,472,121</u>	<u>\$ 17,704,448</u>
Investments held in endowment	\$ 18,829,752	\$ 14,992,584
Investments held for other purposes and operations	<u>3,642,369</u>	<u>2,711,864</u>
Total investments	<u>\$ 22,472,121</u>	<u>\$ 17,704,448</u>



SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
 June 30, 2021

6. INVESTMENTS, Continued

Alternative investments include limited partnerships which are carried at fair value as determined by the general partners, which is an amount equal to the sum of the capital accounts in invested funds determined from audited financial statements prepared in accordance with U.S. generally accepted accounting principles and financial information provided by the investment managers of the invested funds. Other stock investment represents shares held in a closely-held corporation, and is valued at its redemption value of \$10 per share. Commitments for limited partnership investments not yet funded approximated \$131,600 and \$133,600 at June 30, 2021 and 2020, respectively.

Margin Note Payable

The Organizations hold a portfolio margin loan against the investments. Interest is payable at the corresponding portfolio loan index plus 1.25% (1.36% at June 30, 2021 and 1.43% at June 30, 2020). The total amount that may be borrowed at June 30, 2021 is \$1,000,000 (\$4,549,705 at June 30, 2020). There were no outstanding balances due at June 30, 2021. Balances due on the loan at June 30, 2020 total \$1,000,000.

7. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$ 10,580,464	\$10,642,973
Furniture and equipment	612,741	1,041,308
Vehicles	<u>195,897</u>	<u>195,897</u>
	11,389,102	11,880,178
Less accumulated depreciation	<u>5,359,316</u>	<u>5,561,310</u>
Property and equipment, net	<u>\$ 6,029,786</u>	<u>\$ 6,318,868</u>

The land that the Organizations occupy is leased from the City of Portland under a lease agreement that expires September 30, 2046. Under the terms of the agreement, the Organizations are restricted to using the land for the following purposes and uses:

- Operate a community center that provides educational and support programs targeted to help young people stay in and perform well at school;
- Provide and promote family enrichment programs and activities; and
- Provide and promote cultural opportunities and events for the general public and Self Enhancement's mission-related organizational activities.

SELF ENHANCEMENT, INC. AND  
SELF ENHANCEMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2021

7. PROPERTY AND EQUIPMENT, Continued

The lease agreement payment terms are \$100 for the entire lease period. A dollar amount for the fair market value of the benefit that the Organizations receive under this arrangement is not reflected in the accompanying consolidated financial statements as it would be impracticable to determine such value due to the specialty of use and restrictions.

8. LINES OF CREDIT AND NOTES PAYABLE

Lines of Credit

The Organizations had a \$500,000 revolving line of credit at a financial institution with interest payable monthly on outstanding balances at 1.00% over the bank's prime rate (4.25% at June 30, 2020). The line was unsecured and matured October 2020 and was not renewed. The line contained certain financial covenants including a requirement, among others, to rest the line for 30 days. There were no outstanding advances at June 30, 2020.

During the year ended June 30, 2020, the Organizations established a \$1,750,000 revolving line of credit at a financial institution with interest payable monthly on outstanding balances with interest at 4.00%. The line is collateralized with a money market account and matured December 2021. The Organizations are in the process of renewing the line of credit. There were no outstanding advances at June 30, 2021 and 2020.

Notes Payable

Self Enhancement has various equipment lines of credit and loans with financial institutions for lighting improvements and equipment. Monthly payments of principal and interest are \$3,929, which were paid off in full during the year ended June 30, 2021. Balances outstanding at June 30, 2021 and 2020 totaled \$112,506.

During 2017, Self Enhancement established a note payable of \$495,000 with a financial institution secured by real property. No payments are due until maturity, which occurred November 2019, however, the agreement has unlimited extension options as long as certain conditions are being met. Repayment is not anticipated in the near term. The balance outstanding at June 30, 2021 and 2020 was \$495,000.

SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
 June 30, 2021

9. RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Board Designated Net Assets:

During the year ended June 30, 2021, the Organizations established a board designated endowment from released donor-restricted endowment funds. See Notes 11 and 15. The balance at June 30, 2021 totals \$3,004,076.

Donor Restricted Net Assets:

Net assets with donor restrictions consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Net assets with expiring donor restrictions:		
Current and future operations	\$ 15,004,138	\$ 82,723
Program services	1,416,426	928,237
Scholarships	4,863,314	3,702,300
Endowment (deficit) (Note 15)	<u>2,003,032</u>	<u>(1,830,060)</u>
Total net assets with expiring donor restrictions	23,286,910	2,883,200
Net assets with perpetual donor restrictions:		
Donor-restricted endowment (Note 15)	<u>13,822,644</u>	<u>16,822,644</u>
Total net assets with donor restrictions	<u>\$ 37,109,554</u>	<u>\$19,705,844</u>

10. COMMITMENTS AND CONTINGENCIES

During the course of each year, the Organizations enter into various contracts that reimburse expenditures, as defined in each contract. Certain amounts received or receivable under these contracts are subject to audit and adjustment by the contracting agencies, by the State of Oregon, and by various agencies of the U.S. government. Any expenditures or claims disallowed as a result of such audits would become a liability of the Organizations' net assets without donor restrictions. In the opinion of the Organizations' management, any adjustments that might result from such audits would not be material to the Organizations' overall consolidated financial statements.

Several of the Organizations' contracts cover multiple years with obligations to provide services over the contract period. Revenues under these contracts are recognized when the services have been provided. Approximate amounts committed but not yet recorded at June 30, 2021 total \$2,322,000. These commitments will be funded through existing contract service agreements of the Organizations. Additionally, the Organizations are committed to a facilities improvement project, totaling approximately \$359,000, for which expenses will be incurred in the next fiscal year.

SELF ENHANCEMENT, INC. AND  
SELF ENHANCEMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2021

**II. NET ASSETS RELEASED FROM RESTRICTIONS**

During the years ended June 30, 2021 and 2020, the Organizations incurred expenses totaling \$794,346 and \$997,433, respectively, in satisfaction of the restricted purposes imposed on contributions by donors, by the granting of scholarships, by the occurrence of other events specified by donors, or by the passage of time. Other transfers represent the release of restrictions on endowment earnings. Also see Note 15.

During the year ended June 30, 2021, the Organizations received approval to release a donation of \$3 million previously recorded as net assets with perpetual donor restrictions. The donor specified that the funds may be used without restriction. The funds were released from the net assets with perpetual restrictions during the year ending June 30, 2021 and are being treated as a board designated endowment. Also see Note 15.

**12. RETIREMENT PLANS**

The Organizations adopted a standardized 401(k) Profit Sharing Plan that is made available to substantially all regular, full-time employees. Employees are eligible to participate in the plan on the first calendar quarter following the date of hire. Participants may elect to contribute up to 100% of annual compensation, up to the maximum allowed by law. The Organizations will match the participant's contributions up to 3% of compensation. Vesting of a participant's interest is determined by a vesting schedule, based on the number of years of service.

Self Enhancement adopted a Deferred Compensation Plan (Section 457 Plan) beginning January 1, 2002.

Self Enhancement's contributions to the Plans totaled approximately \$179,600 and \$196,300 for the years ended June 30, 2021 and 2020, respectively.

**13. RELATED PARTY DISCLOSURES**

At times, a Board member provides donated legal services for business matters which management considers to be immaterial to the consolidated financial statements and are not recorded by the Organizations. The Organizations have bank accounts with a financial institution where a board member is employed.

SELF ENHANCEMENT, INC. AND  
SELF ENHANCEMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2021

14. FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organizations to concentrations of credit risk consist primarily of cash equivalents, equity and fixed income securities, nontraditional investments, and contributions and accounts receivable. These financial instruments may subject the Organizations to concentrations of credit risk.

Cash equivalents: From time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC) (up to \$250,000 per institution). To limit credit risk, the Organizations place cash equivalents and other short-term investments with high credit quality financial institutions. At June 30, 2021 and 2020, balances in excess of federally insured limits were approximately \$5,848,000 and \$2,650,000, respectively.

Investments: Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. The fair values of interests in limited partnership are estimated by the partnerships and estimated values may differ significantly from the values that would have been used had a ready market for the securities existed and the differences could be material. The Organizations have established a diversified investment policy which reduces the Organizations' exposure to both credit risk and to concentrations of credit risk.

Concentrations of credit risk with respect to contributions and accounts receivable are limited through credit approvals, credit limits, and various monitoring procedures. The majority of the Organizations' receivables is either with reputable individuals and corporations, or with governmental institutions, and is considered to be low in risk.

15. ENDOWMENT

The Organizations' endowment consists of funds established for long-term support of the Organizations and consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions or board designations.

SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
 June 30, 2021

15. ENDOWMENT, Continued

Interpretation of Relevant Law

The Board of Directors of the Organizations have interpreted Oregon's Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organizations classifies as net assets with perpetual restrictions, (a) the original value of gifts donated to the perpetual endowment (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as perpetuity restricted net assets is classified net assets with perpetual restrictions is classified as net assets with expiring restrictions until those amounts are appropriated for expenditure by the Organizations in a manner consistent with the standard of prudence prescribed by the Act. In accordance with UPMIFA, the Organizations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment funds
- (2) The purposes of the Organizations and the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organizations
- (7) The investment policies of the Organizations

The composition of endowment net assets is as follows at June 30:

	Without Donor Restrictions	With Expiring Donor Restrictions	With Perpetual Donor Restrictions	Total
<b>June 30, 2021</b>				
Donor-restricted endowment fund	\$ -	\$ 2,003,032	\$ 13,822,644	\$ 15,825,676
Board designated endowment	3,004,076	-	-	3,004,076
Total endowment funds	<u>\$ 3,004,076</u>	<u>\$ 2,003,032</u>	<u>\$ 13,822,644</u>	<u>\$ 18,829,752</u>
<b>June 30, 2020</b>				
Donor-restricted endowment fund	<u>\$ -</u>	<u>\$ (1,830,060)</u>	<u>\$ 16,822,644</u>	<u>\$ 14,992,584</u>

SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
 June 30, 2021

15. ENDOWMENT, Continued

Changes in endowment net assets for the year ended June 30, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Expiring Donor Restrictions	With Perpetual Donor Restrictions	Total
Balance, June 30, 2019	\$ -	\$ (1,604,198)	\$16,822,644	\$ 15,218,446
Investment income	-	290,775	-	290,775
Change in investment value	-	358,164	-	358,164
Appropriated for expenditure	-	(874,801)	-	(874,801)
Balance, June 30, 2020	<u>\$ -</u>	<u>\$ (1,830,060)</u>	<u>\$16,822,644</u>	<u>\$14,992,584</u>
Investment income	4,076	444,001	-	448,077
Change in investment value	-	4,127,891	-	4,127,891
Appropriated for expenditure	-	(738,800)	-	(738,800)
Donor release of restriction	<u>3,000,000</u>	<u>-</u>	<u>(3,000,000)</u>	<u>-</u>
Balance, June 30, 2021	<u>\$ 3,004,076</u>	<u>\$ 2,003,032</u>	<u>\$13,822,644</u>	<u>\$ 18,829,752</u>

Fund with Deficiencies

From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donor or the Act requires the Organizations to retain as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, deficiencies of this nature are reported in net assets with expiring donor restrictions were \$1,830,060 as of June 30, 2020. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of net assets with perpetual donor restrictions contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. There were no funds with deficiencies at June 30, 2021.

Return Objectives and Risk Parameters

The Organizations have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organizations must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed inflation by 5% over the long-term (7+ years) while assuming a moderate level of investment risk. The Organizations expect their endowment funds, over the long-term, to provide an average rate of return of approximately 7% annually, net of fees. Actual returns in any given year may vary from this amount.

SELF ENHANCEMENT, INC. AND  
SELF ENHANCEMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2021

15. ENDOWMENT, Continued

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organizations rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organizations have adopted an asset allocation strategy that results in an acceptable risk and return profile while also providing an acceptable probability of achieving the investment objectives over the long-term.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organizations have a policy of appropriating for distribution each year 5% percent of its endowment fund's average fair value over the prior 5 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organizations considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organizations expect the current spending policy to allow its endowment to grow at an average of 3% percent annually. This is consistent with the Organizations' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term.

16. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.



SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
 June 30, 2021

16. FAIR VALUE MEASUREMENTS, Continued

Investments Valued at Net Asset Value (NAV)

Net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Limited Partnerships/Private Equity Funds – Funds focused on growth in equity, buyout opportunities, or distressed debt. These investments are not readily redeemable; however, a secondary market does exist. Distributions normally are received through the liquidation of the underlying assets in the fund. The terms of these investments range from three to ten years.

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
2021			
Investments:			
Equity mutual funds	\$ 8,679,834	\$ 8,679,834	\$ -
Fixed income mutual funds	4,201,402	4,201,402	-
Equities - common stock	5,292,907	5,292,907	-
Multi-advisor funds and other investments	697,925	-	697,925
Other stock investment	104,430	-	104,430
	<u>18,976,498</u>	<u>\$ 18,174,143</u>	<u>\$ 802,355</u>
Investments measured at NAV	3,197,780		
Cash equivalents	<u>297,843</u>		
Total investments	<u>\$ 22,472,121</u>		

SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
 June 30, 2021

16. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets measured on a recurring basis at June 30, 2021 and 2020 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
2020			
Investments:			
Equity mutual funds	\$ 7,728,216	\$ 7,728,216	\$ -
Fixed income mutual funds	2,954,755	2,954,755	-
Equities - common stock	2,161,068	2,161,068	-
Multi-advisor funds and other investments	630,117	-	630,117
Other stock investment	104,430	-	104,430
	<u>13,578,586</u>	<u>\$12,844,039</u>	<u>\$ 734,547</u>
Investments measured at NAV	3,916,738		
Cash equivalents	209,124		
Total investments	<u>\$ 17,704,448</u>		

Fair values for investments in publicly traded mutual funds, equities and multi-advisor funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

Other stock investment represents shares held in a closely-held corporation, and is valued at its redemption value of \$10 per share.

There were no changes in the valuation techniques during the years ended June 30, 2021 and 2020.

17. LEASE COMMITMENTS

The Organizations lease offices and equipment under several operating lease agreements expiring between June 2022 and August 2029. Lease expense for the years ended June 30, 2021 and 2020 totaled approximately \$205,900 and \$274,100, respectively.

SELF ENHANCEMENT, INC. AND  
SELF ENHANCEMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2021

17. LEASE COMMITMENTS, Continued

Total future minimum lease payments are as follows for the years ending:

June 30, 2022	\$ 117,600
2023	110,400
2024	98,100
2025	101,100
2026	104,100
Thereafter	<u>350,600</u>
	<u>\$ 881,900</u>

18. SUBSEQUENT EVENT

Self Enhancement Inc., as sole member, created a wholly owned subsidiary, Self Enhancement Community Developments – Alberta Alive, LLC for the purpose of developing a 53-unit housing development. During September 2021, land valued at \$985,000 was donated to the Organization. As part of the partnership, Self Enhancement Inc. entered into a sponsorship loan for \$323,000 in December 2021. Construction is anticipated to begin Spring 2022.

## CONSOLIDATING INFORMATION

SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 SCHEDULE I  
 CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
 June 30, 2021

	Self Enhancement Inc.	Self Enhancement Foundation, Inc.	Eliminating Entries	Consolidated Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,235,838	\$ 207,689	\$ -	\$ 6,443,527
Accounts receivable	3,061,360	-	-	3,061,360
Contributions and grants receivable, net	12,591,519	-	-	12,591,519
Intercompany receivable	91,903	-	(91,903)	-
Prepaid expenses, deposits and other assets	139,918	-	-	139,918
Investments	-	22,472,121	-	22,472,121
Property and equipment, net	<u>6,029,786</u>	<u>-</u>	<u>-</u>	<u>6,029,786</u>
<b>TOTAL ASSETS</b>	<u>\$ 28,150,324</u>	<u>\$ 22,679,810</u>	<u>\$ (91,903)</u>	<u>\$ 50,738,231</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 822,935	\$ -	\$ -	\$ 822,935
Accrued payroll and related expenses	924,425	-	-	924,425
Intercompany payable	-	91,903	(91,903)	-
Deferred revenue	66,403	-	-	66,403
Refundable advance	1,997,564	-	-	1,997,564
Notes payable	<u>495,000</u>	<u>-</u>	<u>-</u>	<u>495,000</u>
Total liabilities	<u>4,306,327</u>	<u>91,903</u>	<u>(91,903)</u>	<u>4,306,327</u>
Net assets (deficit):				
Without donor restrictions:				
Available for general operations	(1,115,429)	1,898,917	-	783,488
Board designated endowment fund	3,004,076	-	-	3,004,076
Net investment in property and equipment	<u>5,534,786</u>	<u>-</u>	<u>-</u>	<u>5,534,786</u>
Total without donor restrictions	<u>7,423,433</u>	<u>1,898,917</u>	<u>-</u>	<u>9,322,350</u>
Net assets with donor restrictions:				
With expiring restrictions - program	16,420,564	6,866,346	-	23,286,910
With perpetual restrictions	<u>-</u>	<u>13,822,644</u>	<u>-</u>	<u>13,822,644</u>
Total net assets with donor restrictions	<u>16,420,564</u>	<u>20,688,990</u>	<u>-</u>	<u>37,109,554</u>
Total net assets	<u>23,843,997</u>	<u>22,587,907</u>	<u>-</u>	<u>46,431,904</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 28,150,324</u>	<u>\$ 22,679,810</u>	<u>\$ (91,903)</u>	<u>\$ 50,738,231</u>

See independent auditor's report.

SELF ENHANCEMENT, INC. AND  
 SELF ENHANCEMENT FOUNDATION, INC.  
 SCHEDULE II  
 CONSOLIDATING STATEMENT OF ACTIVITIES  
 For the year ended June 30, 2021

	Self Enhancement, Inc.		Self Enhancement Foundation, Inc.		Eliminating Entries	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
<b>Support and revenue:</b>						
Government contracts	\$ 19,016,561	\$ -	\$ -	\$ -	\$ -	\$ 19,016,561
Contributions	2,174,884	16,009,167	-	-	(738,800)	17,445,251
Special events, net of direct costs	1,272,326	-	-	-	-	1,272,326
Other revenue	372,336	-	-	-	-	372,336
Total revenue	22,836,107	16,009,167	-	-	(738,800)	38,106,474
Net assets released from restrictions:						
Satisfaction of purpose restrictions	599,563	(599,563)	-	-	-	-
Release from restriction - scholarships	-	-	194,783	(194,783)	-	-
Other transfers	-	-	3,738,800	(3,738,800)	-	-
Total support and revenue	23,435,670	15,409,604	3,933,583	(3,933,583)	(738,800)	38,106,474
<b>Expenses:</b>						
Program services:						
In-school programming	7,210,691	-	274,783	-	-	7,485,474
Extended day services	2,598,439	-	-	-	-	2,598,439
Community and family programming	7,504,924	-	-	-	-	7,504,924
Other programming	812,178	-	738,800	-	(738,800)	812,178
Total program services	18,126,232	-	1,013,583	-	(738,800)	18,401,015
Fundraising	1,154,944	-	-	-	-	1,154,944
Management and general	2,330,669	-	2,764	-	(2,619)	2,330,814
Total expenses	21,611,845	-	1,016,347	-	(741,419)	21,886,773
Change in net assets from operations	1,823,825	15,409,604	2,917,236	(3,933,583)	2,619	16,219,701
<b>Non-operating and endowment activities:</b>						
Interest and dividend income, net	5,355	-	(119,820)	529,554	(2,619)	412,470
Net change in value of investments	(91,209)	-	-	5,398,135	-	5,306,926
Endowment expenses	-	-	(5,030)	-	-	(5,030)
Change in net assets	1,737,971	15,409,604	2,792,386	1,994,106	-	21,934,067
<b>Net assets:</b>						
Beginning of year	5,685,462	1,010,960	(893,469)	18,694,884	-	24,497,837
End of year	\$ 7,423,433	\$ 16,420,564	\$ 1,898,917	\$ 20,688,990	\$ -	\$ 46,431,904

See independent auditor's report.