

Audited Financial Statements



June 30, 2019

Quigley & Miron

826LA
Audited Financial Statements
Table of Contents
June 30, 2019

Page
Number

Independent Auditor's Report..... 1

Audited Financial Statements

Statement of Financial Position..... 2

Statement of Activities..... 3

Statement of Functional Expenses..... 4

Statement of Cash Flows..... 5

Notes to Financial Statements..... 6

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Independent Auditor's Report

Board of Directors

826LA

Los Angeles, California

We have audited the accompanying financial statements of 826LA, a nonprofit organization, which comprise the statements of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

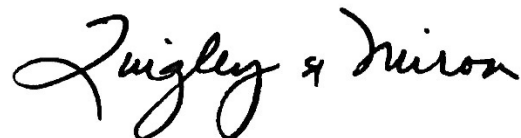
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 826LA as of June 30, 2019, and the 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.



Los Angeles, California
June 23, 2020

826LA
Statement of Financial Position
June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,223,852	\$ 68,393	\$ 2,292,245
Contributions and grants receivable			
— Note 3	95,150	313,040	408,190
Inventory	51,609		51,609
Prepaid expenses	35,275		35,275
	<u>2,405,886</u>	<u>381,433</u>	<u>2,787,319</u>
Total Current Assets	2,405,886	381,433	2,787,319
Non-Current Assets			
Deposits	31,729		31,729
	<u>31,729</u>		<u>31,729</u>
Total Non-Current Assets	31,729		31,729
Total Assets	<u>\$ 2,437,615</u>	<u>\$ 381,433</u>	<u>\$ 2,819,048</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued expenses	\$ 89,478	\$	\$ 89,478
Accrued paid time off	49,126		49,126
	<u>138,604</u>		<u>138,604</u>
Total Liabilities	138,604		138,604
Net Assets			
Without donor restrictions—Note 7	2,299,011		2,299,011
With donor restrictions—Note 8		381,433	381,433
	<u>2,299,011</u>	<u>381,433</u>	<u>2,680,444</u>
Total Net Assets	2,299,011	381,433	2,680,444
Total Liabilities and Net Assets	<u>\$ 2,437,615</u>	<u>\$ 381,433</u>	<u>\$ 2,819,048</u>

See notes to financial statements.

826LA
Statement of Activities
Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Contributions and grants			
Foundations	\$ 286,725	\$ 347,500	\$ 634,225
Individuals, corporations, and government agencies	310,118	165,030	475,148
In-kind	27,938		27,938
Fundraising events			
Gross receipts	633,278		633,278
Less cost of direct benefits to donors	(106,139)		(106,139)
Fundraising Events, Net	527,139		527,139
Contracted services	128,875		128,875
Store sales			
Store sales	131,961		131,961
Less:			
Cost of goods sold	(47,956)		(47,956)
Other direct expenses	(41,646)		(41,646)
Store Sales, Net	42,359		42,359
Interest and dividends	26,070		26,070
Total Public Support and Revenue	1,349,224	512,530	1,861,754
Net assets released from restrictions	385,556	(385,556)	
Total Public Support, Revenue, and Net Assets Released from Restrictions	1,734,780	126,974	1,861,754
Expenses			
Youth creative and expository writing services	1,319,561		1,319,561
Management and general	258,864		258,864
Fundraising	299,208		299,208
Total Expenses	1,877,633		1,877,633
Change in Net Assets	(142,853)	126,974	(15,879)
Net Assets at Beginning of Year	2,441,864	254,459	2,696,323
Net Assets at End of Year	\$ 2,299,011	\$ 381,433	\$ 2,680,444

See notes to financial statements.

826LA
Statement of Functional Expenses
Year Ended June 30, 2019

	Youth Creative and Expository Writing Services	Management and General	Fundraising	Fundraising Events	Total
Salaries and wages	\$ 783,224	\$ 113,030	\$ 212,971	\$	\$ 1,109,225
Payroll taxes	64,296	9,279	17,483		91,058
Employee benefits	85,689	12,366	23,300		121,355
Total Personnel	933,209	134,675	253,754		1,321,638
Americorp Vista	21,102	1,241	2,483		24,826
Depreciation	1,257	74	148		1,479
Cost of direct benefits to donors				106,139	106,139
Insurance	11,617	683	1,367		13,667
Miscellaneous expenses	43,626	2,566	5,132		51,324
National affiliate fees	51,000	3,000	6,000		60,000
Occupancy	164,317	9,666	19,332		193,315
Outside services	11,344	667	1,335		13,346
Postage and shipping	2,197	129	259		2,585
Printing and publications	20,997	1,235	2,470		24,702
Professional fees		60,182			60,182
Small equipment purchases	7,965	469	937		9,371
Cost of goods sold	47,956				47,956
Other direct expenses	41,646				41,646
Supplies	33,509	1,971	3,942		39,422
Telephone	3,512	207	413		4,132
Travel	13,909	818	1,636		16,363
Total Expenses by Function	1,409,163	217,583	299,208	106,139	2,032,093
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors				(106,139)	(106,139)
Cost of goods sold	(47,956)				(47,956)
Other direct expenses	(41,646)				(41,646)
Total Expenses Before Write-Off of Uncollectible Receivable	1,319,561	217,583	299,208		1,836,352
Write-off of uncollectible receivable		41,281			41,281
Total Expenses	\$ 1,319,561	\$ 258,864	\$ 299,208	\$	\$ 1,877,633

See notes to financial statements.

826LA

Statement of Cash Flows
Year Ended June 30, 2019

Cash Flows from Operating Activities

Change in net assets	\$ (15,879)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	1,479
Gains on investments	
Changes in operating assets and liabilities:	
Contributions and grants receivable	(95,131)
Inventory	(20,492)
Prepaid expenses	(1,611)
Deposits	(734)
Accounts payable and accrued expenses	38,856
Accrued paid time off	12,740
	<hr/>
Net Cash Used in Operating Activities	(80,772)
	<hr/>
Net Decrease in Cash and Cash Equivalent	(80,772)
	<hr/>
Cash and Cash Equivalents at Beginning of Year	2,373,017
	<hr/>
Cash and Cash Equivalents at End of Year	\$ 2,292,245

Supplementary Disclosures

Cash paid during the year for:

Income taxes	\$ -
Interest	\$ -

See notes to financial statements.

826LA
Notes to Financial Statements
June 30, 2019

Note 1—Nature of Activities and Significant Accounting Policies

Nature of Activities—826LA is a California nonprofit corporation, established in 2005 for the purpose of supporting students ages 6 to 18 and their teachers in the development of the students' creative and expository writing skills. 826LA's services are structured based on a recognition that great leaps in learning through one-on-one attention foster the development of strong writing skills that are fundamental to the student's future success. Through 826LA's two Los Angeles-based locations in Echo Park and Mar Vista, a Writers' Room on the campus of Manual Arts High School, and its in-service programs located at schools throughout the county, 826LA provides tutoring, evening and weekend workshops, in-school writing support, field trips, and assistance with student publications. 826LA's programs are designed to be challenging and enjoyable for students and teachers, and seek to strengthen each student's ability to express ideas effectively, creatively, confidently, and in his or her individual voice.

Financial Statement Presentation—In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. 826LA has adopted ASU No. 2016-14 for the year ended June 30, 2019 and has adjusted the presentation of these statements accordingly.

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The 826LA's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the 826LA and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of 826LA. These net assets may be used at the discretion of 826LA's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of 826LA and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit 826LA to use all or part of the income earned on related investments for general or specific purposes. 826LA had no funds that were required to be maintained in perpetuity at June 30, 2019.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

826LA

Notes to Financial Statements—Continued

Note 1—Nature of Activities and Significant Accounting Policies—Continued

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of 826LA's youth creative and expository writing services and interest earned. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature; 826LA did not engage in any reportable nonoperating activities during the year ended June 30, 2019.

Income Taxes—826LA is a California nonprofit public benefit corporation that serves charitable and educational purposes and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements. In addition, 826LA has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered '*more likely than not*' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for tax liability is not necessary at June 30, 2019. Generally, 826LA's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—826LA considers highly liquid investments with a maturity of less than three months when purchased to be cash equivalents.

Investments—Investments in securities are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains, and losses are reported as unrestricted income unless use of the earnings is restricted by the donor.

Inventory—Inventory is carried at cost and consists of goods ready for resale at 826LA's Time Travel Mart locations in Echo Park (on Sunset Boulevard) and Mar Vista (on Venice Boulevard). Inventory includes books, publications, posters, shirts, and other time travel related merchandise designed to promote the education and creative process of students served by 826LA. Revenue from store sales is recognized upon receipt of payment for products sold.

Property and Equipment—Property and equipment is stated at cost when purchased, or at estimated fair market value at the date of bequest or gift. Depreciation is provided using the straight-line method over the estimated useful life of the related asset, principally 5 years. Amortization of equipment purchased under capital lease obligations is included in depreciation expense. It is 826LA's policy to expense items purchased or donated with values less than \$5,000. As of June 30, 2019, 826LA did not have any property or equipment obtained pursuant to gifts or capital leases.

826LA

Notes to Financial Statements—Continued

Note 1—Nature of Activities and Significant Accounting Policies—Continued

Concentrations of Credit Risk—Financial instruments which potentially subject 826LA to concentrations of credit risk consist of cash and cash equivalents, and contributions and grants receivable.

826LA places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, such balances of cash and cash equivalents are in excess of the FDIC coverage limits. Management regularly reviews the financial stability of its cash depositories and deems the risk of loss due to these concentrations to be minimal.

Contributions and grants receivable are due from a variety of foundations, corporations, government agencies, and individuals well-known to 826LA, with favorable past payment histories. 826LA's management has assessed the credit risk associated with these contributions and grants receivable and has determined that an allowance for potentially uncollectible amounts is not necessary.

Write-off of Uncollectible Receivable—During the year ended June 30, 2019, 826LA wrote-off \$41,281 in an uncollected receivable from an organization that was experiencing financial difficulties, and which later declared bankruptcy in October 2019.

Contracted Services—Contracted services revenue is recognized at the rendering of services.

Donated Services—Donated services are not reflected in the accompanying financial statements as they do not meet the criteria for recognition under current accounting standards. In order to expand the reach of its programs, 826LA utilizes the services of a substantial number of volunteers who have donated a significant number of hours to 826LA's program services, management, and fundraising activities. During the year ended June 30, 2019, 826LA's volunteer network donated 21,769 service hours valued at \$651,982. These valuations are based on an estimated rate of volunteer time of \$29.95 per hour in 2019, as computed by Independent Sector, a leading resource and research organization for the nonprofit industry.

Functional Expenses—The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among youth creative and expository writing services and supporting services benefited. Such allocations are determined by management on an equitable basis. Estimates of time and effort were used as the basis of allocation for the following expenses: salaries and wages, payroll taxes, and employee benefits. Estimates of square footage were used as the basis of allocation for the following expenses: Americorp Vista, depreciation, insurance, miscellaneous expenses, national affiliate fees, occupancy, outside services, postage and shipping, printing and publications, small equipment purchases, supplies, telephone, and travel.

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

826LA**Notes to Financial Statements—Continued****Note 2—Availability and Liquidity**

The following represents the availability and liquidity of 826LA's financial assets at June 30, 2019 to cover operating expenses for the next fiscal year:

Financial assets at end of year		
Cash and cash equivalents	\$	2,292,245
Contributions and grants receivable		<u>408,190</u>
	Total Financial Assets	2,700,435
Less amounts not available to be used within one year:		
Net assets with donor restrictions		
After-school tutoring		(103,000)
Fieldtrips		(7,500)
In-school writing support		(25,000)
Summer interns		(6,933)
Workshops		(39,000)
Restricted due to timing		(200,000)
Less net assets with time restrictions to be met within one year		100,000
Board-designated reserve		<u>(1,249,974)</u>
	Total Unavailable Financial Assets	<u>(1,531,407)</u>
	Current Availability of Financial Assets	<u>\$ 1,169,028</u>

826LA's goal is generally to maintain financial assets to meet at least 180 days of general operating expenses (approximately \$950,000). The board-designated reserve is intended by board of director policy to be used for future major capital investment and to support programs that have been impacted by unanticipated funding reductions.

Note 3—Contributions and Grants Receivable

Contributions and grants receivable at June 30, 2019 consist of the following:

Foundations	\$	211,000
Government agencies		119,290
Individuals and corporations		<u>77,900</u>
	Total	<u>\$ 408,190</u>

826LA**Notes to Financial Statements—Continued****Note 4—Property and Equipment, Net**

Net property and equipment at June 30, 2019 consist of the following:

Furniture and equipment	\$ 78,653
Leasehold improvements	227,904
	<hr/>
	306,557
Less accumulated depreciation	(306,557)
	<hr/>
Property and Equipment, Net	<u><u>\$ -</u></u>

Note 5—Leases

826LA leases space under non-cancelable operating leases in Echo Park, expiring August 2022, and in Mar Vista, expiring September 2022. In October 2019, 826LA negotiated a non-cancelable operating lease for space in Hollywood. The new lease term begins in October 2019 and expires in September 2021. Additionally, in April 2019, 826LA began leasing copier equipment under a non-cancelable operating lease which expires in March 2024.

Year Ended June 30,

2020	\$ 187,497
2021	242,398
2022	198,477
2023	40,538
2024	9,062
	<hr/>
Total	<u><u>\$ 677,972</u></u>

Rent expense related to the Echo Park lease during the year ended June 30, 2019 was approximately \$86,000. Rent expense related to the Mar Vista lease during the year ended June 30, 2019 was approximately \$68,000. Rent expense related to the copier lease during the year ended June 30, 2019 was approximately \$3,000.

Note 6—Contingencies

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the gifts and their terms, the Board is acknowledging the requirements of the grantor at the time of receipt of the grant.

826LA

Notes to Financial Statements—Continued

Note 7—Net Assets without Donor Restrictions

Net assets without donor restrictions for the year ended June 30, 2019 are as follows:

Undesignated	\$	1,049,037
Board-designated reserve		<u>1,249,974</u>
Total	\$	<u>2,299,011</u>

The board-designated reserve consists of voluntary board-approved segregations of net assets without restrictions for specific purposes, projects or investments, and to provide funds to allow 826LA to operate effectively in the event of reductions or curtailment of portions of its funding in the future.

Note 8—Net Assets with Donor Restrictions

Net assets with donor restrictions for the year ended June 30, 2019 are as follows:

Subject to expenditure for specified purpose:

Youth creative and expository writing services		
After-school tutoring	\$	25,000
Fieldtrips		7,500
In-school writing support		25,000
Summer interns		5,893
Workshops		5,000

Promises to give, the proceeds from which have been restricted by donors:

Youth creative and expository writing services		
After-school tutoring		78,000
Summer interns		1,040
Workshops		34,000
Support for future periods		<u>200,000</u>

Total **\$** **381,433**

826LA

Notes to Financial Statements—Continued

Note 8—Net Assets with Donor Restrictions—Continued

Net assets released from donor restrictions for the year ended June 30, 2019 are as follows:

Satisfaction of purpose restrictions:

Youth creative and expository writing services

After-school tutoring	\$	60,460
Fieldtrips		66,999
In-school writing support		65,000
Summer interns		10,022
Volunteers program		20,450
Workshops		57,000

Satisfaction of passage of time 105,625

Total \$ 385,556

Note 9—Employee Benefit Plan

Effective January 1, 2014, and commencing July 1, 2014, 826LA established a 401(k) defined contribution retirement program (the Plan) for its employees over the age of 21 with one year of service. 826LA matches 100% of employee contributions, up to 2% of annual salary. Employees are vested immediately with 100% non-forfeitability of all employer matched contributions. Expenses related to the Plan's administration and 826LA's employer matching contributions for the year ended June 30, 2019 were \$2,674 and \$8,407, respectively.

Note 10—Recent Accounting Pronouncements

Revenue Recognition—In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2018; early adoption is permitted for fiscal years beginning after December 15, 2016. The guidance permits the use of either a retrospective or cumulative effect transition method. 826LA is evaluating whether this will have a material impact on its financial statements.

Note 10—Recent Accounting Pronouncements—Continued

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2020, with early adoption permitted. 826LA is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Contributions—In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 clarifies the definition of an exchange transaction. As a result, not-for-profit entities (NFPs) will account for most federal grants as donor-restricted conditional contributions rather than as exchange transactions (the prevalent practice today). An accommodation (“simultaneous release” option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today. Donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/right of release) to determine whether gifts or grants are conditional or unconditional. Expense recognition is deferred for conditional arrangements and is immediate for unconditional arrangements. No new disclosures are required. ASU No. 2018-08 is effective for resource recipients with fiscal years beginning after December 15, 2018, and for resource providers with fiscal years beginning after December 15, 2019; early adoption is permitted. 826LA is currently evaluating the impact that the adoption of ASU No. 2018-08 will have on its financial statements.

Restricted Cash—In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities will be required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one line item. ASU No. 2016-18 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. 826LA is currently evaluating the impact that the adoption of ASU No. 2016-18 will have on its financial statements.

Note 11—Risks and Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, are expected to be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. On April 28, 2020, 826LA received a \$264,500 loan from the Small Business Administration through the Paycheck Protection Program. The loan is designed to provide a direct incentive for small businesses to keep their workers on the payroll. The loan does not require any payments for six months, carries a 1% interest rate, matures in two years, requires no collateral, and is federally guaranteed. Qualified payroll, rent, mortgage interest, and/or utilities paid during the 24-week period after loan origination are eligible for forgiveness. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Note 12—Subsequent Events

Management evaluated all activities of 826LA through June 23, 2020 which is the date the financial statements were available to be issued, and concluded that, other than the events described in Note 5 regarding the negotiation of a new operating lease agreement and in Note 11 regarding the COVID-19 virus pandemic, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.