Wilshire Boulevard Temple Group

Consolidated Financial Statements

August 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Wilshire Boulevard Temple Group
Los Angeles, California

We have audited the accompanying consolidated financial statements of Wilshire Boulevard Temple Group (the "Group"), which comprise the consolidated statements of financial position as of August 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated 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 entity'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 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 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 financial position of Wilshire Boulevard Temple Group as of August 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, the Group has adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

Armanino LLP
Los Angeles, California

February 8, 2022

Wilshire Boulevard Temple Group
Consolidated Statements of Financial Position
August 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 22,335,790	$ 17,969,539
Investments available for operations	62,419,828	60,043,685
Cash restricted for construction	1,265,346	828,869
Accounts receivable, net	4,551,629	1,427,061
Contractual tuition receivable	19,637,296	13,632,273
Contributions receivable, net	43,888,986	32,035,623
Prepaid expenses and other assets	1,111,185	1,015,094
Endowment investments	20,966,311	16,152,864
Property and equipment, net	219,054,876	184,338,260
Total assets	$ 395,231,247	$ 327,443,268
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 9,982,262	$ 8,826,445
Deferred revenue	13,381,210	9,490,046
Contractual unearned tuition	19,637,296	13,632,273
Tax-exempt bank loans, net	39,897,240	25,106,575
Note payable	1,748,547	-
Notes payable - Paycheck Protection Program	-	4,213,035
Total liabilities	84,646,555	61,268,374
Net assets		
Without donor restrictions		
General	25,761,202	31,082,775
Board-designated	24,096,086	20,818,002
Investment in property and equipment, net	178,674,435	160,060,554
Total without donor restrictions	228,531,723	211,961,331
With donor restrictions	82,052,969	54,213,563
Total net assets	310,584,692	266,174,894
Total liabilities and net assets	$ 395,231,247	$ 327,443,268

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

Wilshire Boulevard Temple Group
Consolidated Statement of Activities
For the Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Wilshire Boulevard Temple	$ 6,162,657	$ -	$ 6,162,657
Elementary Schools, net of financial aid of $945,870	10,337,803	-	10,337,803
Camps and Conference Center	1,948,093	-	1,948,093
Nursery Schools, net of financial aid of $225,383	4,991,293	-	4,991,293
Grants and contributions	3,369,835	35,777,637	39,147,472
Investment income, net	4,609,476	3,127,776	7,737,252
Total revenues, gains and other support	31,419,157	38,905,413	70,324,570
Net assets released from restriction	12,736,304	(12,736,304)	-
Total revenues, gains and other support	44,155,461	26,169,109	70,324,570
Expenses			
Wilshire Boulevard Temple	13,944,643	-	13,944,643
Elementary schools	12,636,881	-	12,636,881
Camps and conference center	3,149,857	-	3,149,857
Nursery schools	6,658,675	-	6,658,675
Depreciation and amortization	4,149,956	-	4,149,956
Total expenses	40,540,012	-	40,540,012
Change in net assets from operations	3,615,449	26,169,109	29,784,558
Non-operating (income) expense			
Employee retention credit (Note 19)	(3,452,707)	-	(3,452,707)
Gain on forgiveness of Paycheck Protection Program loans (Note 18)	(4,602,817)	-	(4,602,817)
Gain on sale of property and equipment	(150)	-	(150)
Total non-operating (income) expense	(8,055,674)	-	(8,055,674)
Change in net assets	11,671,123	26,169,109	37,840,232
Net assets, beginning of year	211,961,331	54,213,563	266,174,894
Net assets from merger (Note 3)	4,899,269	1,670,297	6,569,566
Net assets, end of year	$ 228,531,723	$ 82,052,969	$ 310,584,692

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

Wilshire Boulevard Temple Group
Consolidated Statement of Activities
For the Year Ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Wilshire Boulevard Temple	$ 6,468,581	$ -	$ 6,468,581
Elementary Schools, net of financial aid of $726,365	9,644,489	-	9,644,489
Camps and Conference Center	592,089	-	592,089
Nursery Schools, net of financial aid of $223,349	6,032,519	-	6,032,519
Grants and contributions	5,779,405	17,141,542	22,920,947
Investment income, net	2,311,486	1,114,012	3,425,498
Total revenues, gains and other support	30,828,569	18,255,554	49,084,123
Net assets released from restriction	30,531,976	(30,531,976)	-
Total revenues, gains and other support	61,360,545	(12,276,422)	49,084,123
Expenses			
Wilshire Boulevard Temple	13,821,560	-	13,821,560
Elementary schools	11,034,394	-	11,034,394
Camps and conference center	2,786,713	-	2,786,713
Nursery schools	6,741,773	-	6,741,773
Depreciation and amortization	4,258,306	-	4,258,306
Total expenses	38,642,746	-	38,642,746
Change in net assets from operations	22,717,799	(12,276,422)	10,441,377
Non-operating (income) expense			
Fire insurance proceeds, net (Note 16)	(1,132,501)	-	(1,132,501)
Gain on sale of property and equipment	(5,600)	-	(5,600)
Total non-operating (income) expense	(1,138,101)	-	(1,138,101)
Change in net assets	23,855,900	(12,276,422)	11,579,478
Net assets, beginning of year	188,105,431	66,489,985	254,595,416
Net assets, end of year	$ 211,961,331	$ 54,213,563	$ 266,174,894

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

Wilshire Boulevard Temple Group
Consolidated Statement of Functional Expenses
For the Year Ended August 31, 2021

	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries and wages	$ 14,317,142	$ 5,168,757	$ 1,380,141	$ 20,866,040
Employee benefits	3,019,611	1,090,136	291,087	4,400,834
Payroll taxes	830,220	299,725	80,032	1,209,977
Total personnel expenses	18,166,973	6,558,618	1,751,260	26,476,851
Advertising	124,262	-	57,931	182,193
Auto	22,534	9,167	-	31,701
Bank charges	75,661	-	115,920	191,581
Depreciation and amortization	3,319,965	788,492	41,499	4,149,956
Dues and subscriptions	423	38,369	-	38,792
Fund development	-	-	41,897	41,897
Insurance	575,093	-	-	575,093
Interest expense	737,713	-	-	737,713
Membership development	-	-	31,810	31,810
Office expense	-	13,202	-	13,202
Office supplies	42,465	38,740	44,845	126,050
Miscellaneous	24	5,236	-	5,260
Parking and tolls	242,515	-	-	242,515
Professional fees	-	1,035,646	-	1,035,646
Program expenses	3,796,442	-	6,061	3,802,503
Property taxes	26,293	6,245	329	32,867
Postage	5,441	16,025	14,211	35,677
Provision for doubtful accounts	590,790	-	-	590,790
Rental expenses	-	7,604	-	7,604
Repairs and maintenance	474,691	89,814	3,876	568,381
Security	375,836	-	-	375,836
Technology	226,677	284,000	10,842	521,519
Telephone	21,019	32,621	24,969	78,609
Travel	14,766	2,549	10,491	27,806
Utilities	494,528	117,450	6,182	618,160
	$ 29,334,111	$ 9,043,778	$ 2,162,123	$ 40,540,012

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

Wilshire Boulevard Temple Group
Consolidated Statement of Functional Expenses
For the Year Ended August 31, 2020

	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries and wages	$ 13,429,689	$ 4,783,505	$ 1,276,440	$ 19,489,634
Employee benefits	2,858,378	1,018,122	271,678	4,148,178
Payroll taxes	741,609	264,153	70,486	1,076,248
Total personnel expenses	17,029,676	6,065,780	1,618,604	24,714,060
Advertising	112,835	-	83,478	196,313
Auto	16,990	8,134	-	25,124
Bank charges	54,062	-	83,372	137,434
Depreciation and amortization	3,406,646	809,077	42,583	4,258,306
Dues and subscriptions	58	35,989	-	36,047
Fund development	-	-	69,822	69,822
Insurance	509,687	-	-	509,687
Interest expense	805,509	-	-	805,509
Membership development	-	-	28,655	28,655
Office expense	-	24,780	-	24,780
Office supplies	41,958	44,102	74,397	160,457
Parking and tolls	175,525	-	-	175,525
Professional fees	124,803	525,281	-	650,084
Program expenses	4,495,851	-	58,059	4,553,910
Property taxes	13,292	3,157	166	16,615
Postage	2,003	16,320	16,003	34,326
Provision for doubtful accounts	305,500	-	-	305,500
Rental expenses	32,387	-	-	32,387
Repairs and maintenance	419,227	42,850	2,255	464,332
Security	205,565	-	-	205,565
Technology	245,145	259,873	12,224	517,242
Telephone	15,651	29,053	22,796	67,500
Travel	39,015	15,198	19,717	73,930
Utilities	463,709	110,131	5,796	579,636
	$ 28,515,094	$ 7,989,725	$ 2,137,927	$ 38,642,746

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

Wilshire Boulevard Temple Group
Consolidated Statements of Cash Flows
For the Years Ended August 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 37,840,232	$ 11,579,478
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Fire insurance proceeds	-	(1,132,501)
Forgiveness of note payable (Paycheck Protection Program)	(4,602,817)	-
Depreciation and amortization	4,149,956	4,258,306
Loan cost amortization	26,203	-
Gain on sale of property and equipment	(150)	(5,600)
Proceeds from contributions restricted for endowment	(335,249)	(342,645)
Proceeds from contributions restricted for long-lived assets	(11,882,983)	(5,224,851)
Realized and unrealized gains on investments	(6,548,137)	(1,926,910)
Changes in operating assets and liabilities		
Accounts receivable, net	(3,043,862)	1,789,426
Contractual tuition receivable	(6,005,023)	2,785,606
Contributions receivable, net	(11,003,759)	1,203,377
Prepaid expenses and other assets	(96,091)	56,142
Accounts payable and accrued expenses	(2,139,562)	638,092
Deferred revenue	3,158,858	(4,233,399)
Contractual unearned tuition	6,005,023	(2,785,606)
Net cash provided by operating activities	5,522,639	6,658,915
Cash flows from investing activities		
Fire insurance proceeds	-	1,132,501
Proceeds from sales of property and equipment	150	5,600
Purchases of property and equipment	(28,691,921)	(37,682,311)
Proceeds from sales/maturities of investments	77,210,994	23,954,464
Purchases of investments	(76,281,082)	(8,632,172)
Reinvested interest and dividends, net of fees	(1,189,115)	(1,498,588)
Net cash used in investing activities	(28,950,974)	(22,720,506)
Cash flows from financing activities		
Proceeds from contributions restricted for endowment	335,249	342,645
Proceeds from contributions restricted for long-lived assets	11,882,983	5,224,851
Proceeds from draw on tax-exempt bank loan	17,248,023	4,806,667
Proceeds from notes payable - Payroll Protection Program	-	4,213,035
Repayments on tax-exempt bank loans	(2,483,561)	(2,450,233)
Repayments on note payable	(94,662)	-
Net cash provided by financing activities	26,888,032	12,136,965

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

Wilshire Boulevard Temple Group
Consolidated Statements of Cash Flows
For the Years Ended August 31, 2021 and 2020

	2021	2020
Net increase (decrease) in cash	$ 3,459,697	$ (3,924,626)
Cash received from merger (Note 3)	1,343,031	-
Cash, cash equivalents and restricted cash, beginning of year	18,798,408	22,723,034
Cash, cash equivalents and restricted cash, end of year	$ 23,601,136	$ 18,798,408
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	$ 22,335,790	$ 17,969,539
Cash restricted for construction	1,265,346	828,869
	$ 23,601,136	$ 18,798,408
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 737,713	$ 805,509
Supplemental schedule of noncash investing and financing activities		
Construction-in-progress included in accounts payable and accrued expenses	$ 3,096,068	$ 3,917,858

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

1. NATURE OF OPERATIONS

The Wilshire Boulevard Temple (the "Temple") is a reform Jewish congregation that values tradition and innovation. The Temple's mission is to lead its members to a deeper love of Torah, God, Israel and Tikkun Olam (social justice). Through its schools, camps, programs and worships, the Temple fosters a warm and embracing congregation that is inclusive. The Temple provides each of its members the opportunity to experience the joy and meaning of Jewish life.

The Wilshire Boulevard Temple is comprised of the Wilshire Boulevard Temple Operations, the Early Childhood Centers (the "Nursery Schools"), and the Geri and Richard Brawerman Elementary Schools (the "Elementary Schools"), (collectively, the "Temple"). Operating at the Erika J. Glazer Campus of the Wilshire Boulevard Temple on Rabbi Magnin Square in the historic Wilshire Center area of Los Angeles, California, are the temple and religious school, the Erika J. Glazer Early Childhood Center and the Brawerman Elementary School - East. Operating at the Irmas Campus in West Los Angeles are the Temple and religious school, Brawerman Elementary - West and the Mann Family Early Childhood Center. After the merger with University Synagogue discussed below, operating at the University Campus in the Brentwood area of Los Angeles are the University Early Childhood Center and religious school.

Camp Hess Kramer, Inc. owns land to be used by other camp facilities and also to allow Wilshire Boulevard Temple Camps (the “Camps”) to provide Jewish and other campers with civic, religious, recreational, cultural, social, and physical activities whose purpose is the development of well rounded children. The Camps conducted operations at the Camp Hess Kramer and Gindling Hilltop Camp facilities, both owned by Camp Hess Kramer, Inc. and located in Malibu California. The facilities used by the Camps were substantially destroyed by the November 2018 Woolsey fire and subsequent flood as discussed in Note 16. Subsequent to the Woolsey fires in 2018, the Camps have operated at rented facilities pending the rebuild of facilities in Malibu owned by Camp Hess Kramer, Inc.

The Karsh Family Social Service Center, Inc. (the "Karsh Center"), also located at the Erika J. Glazer Campus, supports the surrounding community offering dental and vision care, pro-bono legal services, food pantry, mental health services, parenting education, and various other services and community support.

University Synagogue merged with Ner Tamid, Inc. ("Ner Tamid"), a California nonprofit religious corporation and subsidiary of the Temple, in April 2021 (see Note 3). As part of the merger transaction, Ner Tamid filed an amendment to change its name to WBTU, Inc.

Collectively, the Temple, the Camps, the Karsh Center, and the WBTU are referred to as the "Group."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income tax status

The Temple, the Camps, the Karsh Center, and the WBTU are exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code and exempt from California state income tax under Section 23701(d) of the California Revenue and Taxation Code. The Temple and WBTU are exempt from filing tax informational returns. The Camps and Karsh Center file federal and California nonprofit tax informational returns.

Basis of accounting and financial statement presentation

The accompanying consolidated financial statements of the Group include the accounts of the Temple, the Camps, the Karsh Center, and the WBTU. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

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

- *Net assets without donor restrictions* - This represents net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated net assets without donor restrictions for a board-designated reserve. Likewise, net assets related to property and equipment have also been segregated net of any related liabilities.
- *Net assets with donor restrictions* - This represents 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. Temporary 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.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 these estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit concentrations

Financial instruments that potentially subject the Group to concentration of credit risk are cash and cash equivalents, investments and receivables.

The Federal Deposit Insurance Corporation insures bank accounts up to statutory limits. Generally such cash is in excess of the insured limit. At August 31, 2021 and 2020, substantially all of the Group's cash and cash equivalents, including cash restricted for construction, is held in a major financial institution.

The Group's investments are principally comprised of mutual funds and fixed-income instruments (see Note 4).

The Group continually monitors its receivables and establishes valuation allowances as considered appropriate.

As of August 31, 2021, two donors accounted for 40% (25% and 15%) of the contributions receivable balance. For the year ended August 31, 2021, one donor accounted for 17% of total revenues, gains and other support.

As of August 31, 2020, two donors accounted for 35% (21% and 14%) of the contributions receivable balance. For the year ended August 31, 2020, one donor accounted for 27% of total revenues, gains and other support.

Cash and cash equivalents

The Group considers investments with original maturities of less than three months to be cash equivalents. Cash and cash equivalents temporarily held in investment portfolios for reinvestment are classified as investments.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Group determines the fair values of its assets and liabilities based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- *Level 1* - Quoted prices in active markets for identical assets or liabilities.
- *Level 2* - Observable inputs based on quoted prices in non-active markets or in active markets for similar assets and liabilities. Inputs other than quoted prices that are observable or inputs that are not directly observable, but are corroborated by observable market data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 3* - Unobservable inputs that are supported by little or no market activity and that are significant to the measurements of the assets or liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Investments

All investments are reported at fair value based on quoted market prices, with the exception of Israel bonds, which are reported at cost. Gains and losses are included in the accompanying consolidated statements of activities.

Endowment investments

Endowment investments consist of donor-restricted investments and related earnings.

Property and equipment

Property and equipment are stated at cost when purchased or at fair value if received by donation. When property and equipment are sold or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is included in the consolidated statements of activities.

The costs of normal maintenance, repairs and minor replacements are charged to expense when incurred. Depreciation and amortization are provided on a straight-line basis using the half-year convention in the year of purchase or acquisition for all additions exceeding $2,000.

The estimated useful lives of property and equipment are as follows:

Buildings and improvements	5 - 100 years
Furniture and equipment	5 - 10 years

Depreciation and amortization of property and equipment is computed using the straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

The Group reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment losses, if any, are recognized when estimated future cash flows (undiscounted and without interest charges) derived from such assets are less than their carrying values. No such losses were incurred during the years ended August 31, 2021 and 2020.

Grants and contributions

Generally grants and contributions are considered to be available for net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction. The restrictions can be donor-imposed stipulations that either expire by the passage of time or purpose, or can be fulfilled and removed by actions of the Group pursuant to those stipulations.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at amounts approximating fair value, and measured using the present value of future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue (see Note 5). Conditional promises to give which contain barriers and a right of return or right of release are not recognized until the conditions on which they depend are met, or the related right of return or release lapses, at which time, the gift is recognized as either contribution revenue with or without donor restrictions.

Revenue and deferred revenue

The revenue of the Temple consists of membership dues, fees and rental income. The revenue of Elementary Schools and Nursery Schools principally consists of tuition and fees. The revenue of Camps and Conference Center principally consists of camp fees. Revenue is deferred and recognized as services are provided.

Dues billed or received in one year, which are applicable to the following year, are reflected as deferred revenue. Deferred revenue also includes tuition revenues received in advance for the subsequent school year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and deferred revenue (continued)

Contractual tuition and fees receivable include tuition and fee amounts due under fully executed and non-cancelable student enrollment agreements, net of applicable discounts and financial aid, for the upcoming school year. Contractual unearned tuition and fees include unearned tuition and fee amounts that will be collected within the next twelve months and will be satisfied through the performance obligations of delivering educational services to students during the upcoming school year.

Functional expense allocation methodology

Management's estimate of the functional allocation of expenses shared between programs, management and general, and fundraising is based on a reasonable and consistent basis using factors such as direct payroll allocation, square footage, full-time equivalents within each department and total direct expenses.

Change in accounting principle

The Group has implemented Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Group has implemented ASU 2014-09 with a date of initial application of September 1, 2020, using the full retrospective method.

The majority of the Group's tuition revenue arrangements consist of a single performance obligation to transfer promised goods or services. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. Based on the Group's evaluation of contracts with customers, the Group recognized contractual tuition and fees receivable offset by contractual unearned tuition and fees liabilities for amounts due under fully executed and non-cancelable student enrollment agreements as of August 31, 2021. The adoption of ASU 2014-09 did not have a significant impact on the Group's change in net assets from operations or cash flows.

Reclassifications

Certain items from 2020 were reclassified to conform with the 2021 presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The Group has evaluated events subsequent to August 31, 2021 to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through February 8, 2022, the date the consolidated financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the consolidated financial statements.

3. MERGER

On April 2, 2021, University Synagogue, a California nonprofit religious corporation ("University"), and WBTU, Inc., a California nonprofit religious corporation ("WBTU"), agreed to a plan of merger. The Temple is the sole member of WBTU. Pursuant to the plan of merger, University contributed all of its assets and liabilities to WBTU and the merger is being accounted for using the carryover method which requires all net assets at the date of merger to be included in the net assets of the Temple. The merger advances the common charitable purposes of both University and WBTU. WBTU is the surviving entity and University will cease to exist.

The following table summarizes the values of University's assets, liabilities and net assets at the merger date, April 2, 2021:

Cash	$ 1,343,031
Investments	382,250
Receivables	930,310
Property and equipment, net	7,078,583
Notes payable	(2,232,991)
Deferred revenue	(732,306)
Other liabilities	(199,311)
Net assets without donor restrictions	(4,899,269)
Net assets with donor restrictions	(1,670,297)
	$ -

There were no significant asset or liabilities not otherwise required to be recognized under generally accepted accounting principles on University's financial statements prior to the merger. There were no material adjustments to conform the accounting policies of the merged entities.

4. INVESTMENTS

Investments are presented in the consolidated statements of financial position as follows:

	2021	2020
Investments available for operations	$ 62,419,828	$ 60,043,685
Endowment investments	20,966,311	16,152,864
	$ 83,386,139	$ 76,196,549

The following table sets forth by level, within the fair value hierarchy, the Group's assets at fair value as of August 31, 2021:

	Level 1	Level 2	Level 3	Fair Value
Mutual funds:				
World stock funds	$ 15,354,043	$ -	$ -	$ 15,354,043
Intermediate - term bond funds	34,066,119	-	-	34,066,119
Exchange traded funds	15,131,129	-	-	15,131,129
US Treasury money market funds	16,408,570	-	-	16,408,570
Municipal bonds	-	200,028	-	200,028
Israel bonds	-	500,000	-	500,000
	80,959,861	700,028	-	81,659,889
Cash and cash equivalents	1,726,250	-	-	1,726,250
	$ 82,686,111	$ 700,028	$ -	$ 83,386,139

The following table sets forth by level, within the fair value hierarchy, the Group's assets at fair value as of August 31, 2020:

	Level 1	Level 2	Level 3	Fair Value
Mutual funds				
World stock funds	$ 23,591,755	$ -	$ -	$ 23,591,755
Intermediate - term bond funds	16,957,217	-	-	16,957,217
US Treasury money market funds	33,142,336	-	-	33,142,336
Israel bonds	-	875,000	-	875,000
	73,691,308	875,000	-	74,566,308
Cash and cash equivalents	1,630,241	-	-	1,630,241
	$ 75,321,549	$ 875,000	$ -	$ 76,196,549

4. INVESTMENTS (continued)

Activity in the investments during the year was as follows:

	2021	2020
Balance, beginning of year	$ 76,196,549	$ 88,093,343
Purchases of investments	76,281,082	8,632,172
Proceeds from sales/maturities of investments	(77,210,994)	(23,954,464)
Reinvested dividends and interest	1,327,510	1,615,537
Realized gains on sales of investments	247,555	50,789
Unrealized gains on investments	6,300,582	1,876,121
Investment fees	(138,395)	(116,949)
Investments received from merger (Note 3)	382,250	-
Balance, end of year	$ 83,386,139	$ 76,196,549

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable were restricted to the following areas:

	2021	2020
Audrey Irmas Campus	$ 100,000	$ 200,000
Audrey Irmas Pavillion	23,537,674	17,045,506
Brawerman Elementary School	441,168	604,138
Camp Hess Kramer	158,697	819,993
Karsh Social Service Center	2,570,000	3,865,000
Sanctuary, School and Parking	21,384,099	12,193,920
Temple	300,000	680,000
University	849,602	-
	49,341,240	35,408,557
Less present value discount at 4%	(4,700,390)	(2,575,665)
Less allowance for uncollectible accounts	(751,864)	(797,269)
	$ 43,888,986	$ 32,035,623

Future collections from contributions receivable are expected as follows:

	2021	2020
Due in less than one year	$ 8,760,991	$ 11,350,068
Due in one to five years	29,286,194	15,676,822
Due in greater than five years	11,294,055	8,381,667
	$ 49,341,240	$ 35,408,557

5. CONTRIBUTIONS RECEIVABLE (continued)

Conditional pledge commitments consist of the following at August 31, 2021:

Temple	$ 10,400,000
Audrey Irmas Pavilion	3,522,858
Karsh Social Service Center	1,500,000
University	408,000
	$ 15,830,858

The conditional pledge commitments have not been recognized by the Group as the conditions have not been met as of August 31, 2021.

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2021	2020
Land	$ 27,501,662	$ 26,943,862
Buildings and improvements	131,611,041	121,640,550
Furniture and equipment	11,227,973	10,033,286
Construction-in-progress	95,936,861	65,293,537
	266,277,537	223,911,235
Accumulated depreciation and amortization	(47,222,661)	(39,572,975)
	$ 219,054,876	$ 184,338,260

Construction-in-progress consists of the following:

	2021	2020
Audrey Irmas Pavilion	$ 91,189,668	$ 64,367,278
Camp rebuild	3,253,756	495,070
Irmas and religious school renovation	769,796	404,887
University	420,795	-
Other projects	302,846	26,302
	$ 95,936,861	$ 65,293,537

7. DEFERRED COMPENSATION

In August, 2011, the Group entered into a deferred compensation benefit agreement with a key employee such that, so long as the employee remains continuously employed by the Group through June 3, 2024 (Target Date), the employee would be entitled to receive a lump sum cash payment in the amount of $1 million (the Target Benefit) within thirty days following the Target Date. The Group has established a separate investment fund and is making annual contributions to the fund for the purpose of funding the Target Benefit, based on a 4% annual compounded rate of return, through the Target Date. In the event of termination of employment before the Target Date, and depending on the conditions of the termination, the employee may forfeit the entire Target Benefit under the agreement or may receive an amount equal to a fraction of the Target Benefit, as defined in the agreement.

As of August 31, 2021 and 2020, the deferred compensation asset and liability totaled $780,171 and $705,203 and are included in investments available for operations and accounts payable and accrued expenses in the accompanying consolidated statements of financial position, respectively.

8. DEFERRED REVENUE

The recognition of certain revenues has been deferred until such time as the revenues are earned and related costs are incurred. Deferred revenue consists of the following:

	2021	2020
Deferred revenue	$ 4,459,845	$ 4,399,417
Prepaid Early Childhood Center fees	3,488,048	1,497,887
Prepaid Elementary School fees	5,318,705	3,322,502
Prepaid Camp fees	114,612	270,240
	$ 13,381,210	$ 9,490,046

All prepaid amounts at year-end represent that portion of dues and fees pertaining to the subsequent year which have been collected prior to year-end.

9. TAX EXEMPT BANK LOANS

In July 2013, the Group entered into a $40,000,000, nonrevolving, tax-exempt loan agreement with First Republic Bank, as lender, and California Infrastructure and Economic Development Bank, as issuer. The principal amounts outstanding on the loan bear interest at 3.5% and the loan has a maturity date of July 1, 2043. The loan is payable in monthly installments of principal and interest, of approximately $128,000 per month (as per amendment dated January 2019) and is subject to a prepayment penalty. The loan was issued at a discount of 0.5%, or $200,000, yielding a net amount of $39,800,000 to the Group. The loan is collateralized by a deed of trust and a security agreement covering certain real and personal property as defined. Collateral does not include the real property comprising the Malibu Campus or the Westside Campus, or certain personal property, as defined. At August 31, 2021, the Group had a $18,087,730 balance (net of $390,942 in unamortized loan issuance costs and discounts) on this loan.

9. TAX EXEMPT BANK LOANS (continued)

On January 8, 2019, the Group closed a financing transaction with First Republic Bank, in conjunction with California Enterprise Development Authority, consisting of Series A and Series B tax exempt loans in the amounts of $28,000,000 and $20,000,000, respectively. The loans assist the Group in the construction of the Audrey Irmas Pavilion ("AIP"), a multi-use cultural, religious and event space on Wilshire Boulevard directly adjacent to the Group's historic sanctuary. The Series A loan for $28,000,000 is a 15-year tax exempt term loan with an annual fixed interest rate of 3.5% with interest only due in the first three years. The Series B Loan for $20,000,000 is a 5-year tax exempt line with an annual fixed interest rate of 2.95%, which allows the Group to draw on this loan facility as needed based on sufficient value of identified and available pledge receivables maturing during the next 5 years, with the maximum amount to be borrowed not to exceed 80% of the value of the identified pledge receivables. The Group will be using proceeds from fundraising efforts related to the construction of the AIP, and will only use the Series A and Series B loans, in that order, to supplement the funds received from donor pledges. At August 31, 2021, the Group had $21,809,510 and $0 amounts outstanding on the Series A and Series B loans (net of $295,180 in unamortized loan issuance costs), respectively.

During the years ended August 31, 2021 and 2020, the Group incurred interest expense of $729,223 and $805,509, respectively, on the tax exempt bank loans.

The Group is required to comply with certain affirmative and negative financial covenants. The Group was in compliance with such covenants as of August 31, 2021 and 2020.

The tax exempt bank loans consists of the following:

	2021	2020
Balance of tax-exempt bank loans	$ 40,583,362	$ 25,818,900
Less unamortized debt issuance costs	(539,455)	(558,992)
Less unamortized debt discount	(146,667)	(153,333)
	$ 39,897,240	$ 25,106,575

9. TAX EXEMPT BANK LOANS (continued)

The future principal payments of the tax exempt bank loans:

Year ending August 31,	
2022	$ 1,055,154
2023	1,670,088
2024	1,726,675
2025	1,792,606
2026	1,857,263
Thereafter	32,481,576
	$ 40,583,362

10. NOTE PAYABLE

Note payable is detailed as follows:

	2021	2020
Note payable to a bank, assumed by WBTU following merger (Note 3), secured by certain real property, bears interest at an annual fixed rate of 3.25%, payable in 35 monthly payments of $8,760 and one balloon payment for all remaining principal and interest, maturing June 2024.	$ 1,748,547	$ -

The future maturities of the notes payable are as follows:

Year ending August 31,	
2022	$ 47,151
2023	48,729
2024	1,652,667
	$ 1,748,547

During the year ended August 31, 2021, the Group incurred interest expense of $8,490 on the note payable.

11. RETIREMENT PLANS

The Group sponsors The Wilshire Boulevard Temple 401(k) Retirement Plan (the "Plan") which, effective January 1, 2015, was frozen for all future employee contributions.

11. RETIREMENT PLANS (continued)

At the same time, the Group also created a new 403(b) church plan, the Wilshire Boulevard Temple 403(b) Retirement Plan (403(b) Plan). Effective January 1, 2015, all elective employee contributions were made to the new 403(b) Plan.

Similar to the prior Plan, the 403(b) Plan has certain eligibility and service requirements employees must meet to participate in the 403(b) Plan. The Group makes contributions to the Plan on behalf of the participants, other than nursery school teachers, based on their compensation, as defined. For nursery school teachers, the Group makes matching contributions of 50% of the participants' elective deferrals up to 4% of their compensation per Plan year. All employer contributions are subject to a vesting schedule under which employer contributions are 100% vested after six years of service.

For the years ended August 31, 2021 and 2020 , the Group contributed $1,528,389 and $1,496,483 to the Plans, respectively. The Group serves as trustee for the Plans.

12. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following:

	2021	2020
General	$ 25,761,202	$ 31,082,775
Board-designated aka Edgar F. Magnin Fund	24,096,086	20,818,002
Investment in property and equipment, net	178,674,435	160,060,554
	$ 228,531,723	$ 211,961,331

Edgar F. Magnin Fund

This is a Board-designated reserve fund whose principal and earnings may be utilized based upon board discretion. These funds have been used for a variety of purposes such as:

- Balancing the Group's operating budget;
- Startup of new schools;
- Other expenditures designated by the board of trustees.

Investment in property and equipment

Investment in property and equipment represents the net book value of property and equipment, at cost, plus cash restricted for construction, net of the tax-exempt bank loan liability.

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2021	2020
Subject to expenditure for specified purpose		
Audrey and Sidney Irmas Campus	$ 692,356	$ 695,153
Audrey Irmas Pavilion	23,537,674	17,045,506
Brawerman Elementary School	1,776,993	1,692,804
Camp Hess Kramer	5,974,170	6,469,763
Karsh Social Service Center	2,951,416	2,912,595
Library	311,901	311,901
Nursery School	244,888	169,713
Temple	18,208,322	4,208,446
University Rebuild	2,595,410	-
University	1,238,710	-
	57,531,840	33,505,881
Earnings on donor-restricted endowments not yet appropriated for spending	7,651,916	4,880,344
Donor-restricted endowment funds		
Program funds	7,671,973	6,164,116
Brawerman School	3,243,550	3,109,992
Scholarships/camperships	1,853,474	1,835,264
Library funds	99,978	99,978
Facility funds	63,170	63,170
University	382,250	-
	13,314,395	11,272,520
Contributions receivable, net	3,554,818	4,554,818
	16,869,213	15,827,338
	$ 82,052,969	$ 54,213,563

Of the $43,888,986 in contributions receivable at August 31, 2021, $3,554,818 was restricted into perpetuity, and the remainder is included within the purpose restrictions shown above.

Of the $32,035,623 in contributions receivable at August 31, 2020, $4,554,818 was restricted into perpetuity, and the remainder is included within the purpose restrictions shown above.

13. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction were as follows:

	2021	2020
Audrey and Sidney Irmas Campus	$ (2,797)	$ (31,650)
Audrey Irmas Pavilion	(8,683,252)	(25,682,176)
Brawerman Elementary School	(561,877)	(511,400)
Camp Hess Kramer	(978,523)	(26,847)
Karsh Social Service Center	(351,539)	(444,259)
Nursery School	(7,572)	(364,913)
Temple	(1,637,836)	(1,565,478)
University Rebuild	(4,590)	-
University	(49,337)	-
Other	(102,779)	(1,618,868)
	(12,380,102)	(30,245,591)
Appropriation of endowment assets for expenditure	(356,202)	(286,385)
	$ (12,736,304)	$ (30,531,976)

14. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS

The Group's endowment consists of several individual funds established for a variety of purposes. Its endowment includes only donor-restricted endowment funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), as adopted by the state of California, 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 Group classifies as donor-restricted endowment net assets (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Earnings on the donor-restricted endowment fund are included within donor-restricted net assets until those amounts are appropriated for expenditure by the Group in a manner consistent with the standard of prudence prescribed by UPMIFA.

14. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)

Interpretation of relevant law (continued)

In accordance with UPMIFA, the Group considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the organization and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income (loss) and the appreciation (depreciation) of investments

(6) Other resources of the Group

(7) The investment policies of the Group

Return objectives, risk parameters and spending policy

The Group has 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. The Group targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Endowment assets include those assets of donor-restricted funds that the Group must hold in perpetuity or for a donor-specified period(s).

The board has approved a policy of appropriating for distribution up to 4% of the average of the market value of each endowment fund as of the end of the preceding three years. The board annually evaluates, adjusts and approves the distribution. The board may, on an exception basis, approve a draw from an endowment fund that exceeds the distribution percentage but in no event may this draw exceed the original principal of the endowment fund.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Group to retain as a fund of perpetual duration. There were no such deficiencies as of August 31, 2021 or 2020.

14. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)

Endowment composition

Endowment net asset composition by type of fund as of August 31, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments restricted by donors in perpetuity	$ -	$ 13,314,395	$ 13,314,395
Accumulated investment gains on donor-restricted endowments	-	7,651,916	7,651,916
Contributions receivable restricted by donors in perpetuity	-	3,554,818	3,554,818
	$ -	$ 24,521,129	$ 24,521,129

Endowment net asset composition by type of fund as of August 31, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments restricted by donors in perpetuity	$ -	$ 11,272,520	$ 11,272,520
Accumulated investment gains on donor-restricted endowments	-	4,880,344	4,880,344
Contributions receivable restricted by donors in perpetuity	-	4,554,818	4,554,818
	$ -	$ 20,707,682	$ 20,707,682

Activity in endowment net assets during the year was as follows:

	2021	2020
Balance, beginning	$ 20,707,682	$ 16,628,334
Contributions	659,623	3,251,721
Investment income, net of fees	3,127,776	1,114,012
Investments received from merger (Note 3)	382,250	-
Appropriation of endowment assets for expenditure	(356,202)	(286,385)
Balance, ending	$ 24,521,129	$ 20,707,682

15. COMMITMENTS

Employment agreements

The Group has employment contracts with rabbis and certain other key employees, with future salary and other benefit commitments.

The future employment commitments are as follows:

Year ending August 31,	
2022	$ 5,430,173
2023	4,356,653
2024	2,639,382
2025	1,085,735
2026	1,118,007
Thereafter	28,333
	$ 14,658,283

16. CAMP FACILITIES FIRE/FLOOD

In November 2018, the Camp facilities of the Group, located in Malibu, California, were substantially damaged by the Woolsey fire and subsequent flood. The Group maintained insurance on the Camps which covered such losses (including business interruption).

In 2020 and 2019, the Group received insurance proceeds of $1,132,501 and $28,070,088, respectively. No insurance proceeds were received in 2021 for these losses.

The Group is currently contemplating the rebuilding of the Camp facilities and other options but at this time is uncertain of the direction that will be taken.

17. LIQUIDITY AND AVAILABILITY

The Group maintains sufficient resources to meet its responsibilities. The Group's liquidity management policy structures its remaining financial assets to be available for operations as its general expenditures, liabilities, and other obligations come due.

The following reflects the Group's financial assets reported on the consolidated statements of financial position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions. Consequently, amounts available exclude net assets with board designations or donor restrictions as of August 31, 2021.

17. LIQUIDITY AND AVAILABILITY (continued)

Liquidity and availability is as follows:

	2021	2020
Cash and cash equivalents	$ 22,335,790	$ 17,969,539
Investments available for operations	62,419,828	60,043,685
Accounts receivable, net	4,551,629	1,427,061
Contractual tuition receivable	19,637,296	13,632,273
Contributions receivable, net	43,888,986	32,035,623
	152,833,529	125,108,181
Board-designated net asset (Note 12)	(24,096,086)	(20,818,002)
Purpose-restricted net assets (Note 13)	(57,531,840)	(33,505,881)
Contributions receivable restricted in perpetuity (Note 13)	(3,554,818)	(4,554,818)
	$ 67,650,785	$ 66,229,480

18. NOTES PAYABLE - PAYCHECK PROTECTION PROGRAM

In April 2020, the Group received loan proceeds of $4,213,035 from two promissory notes ($4,115,545 and $97,490 for the Temple and the Karsh Center, respectively) issued by City National Bank, under the Paycheck Protection Program ("PPP") which was established under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and is administered by the U.S. Small Business Administration("SBA"). The term of the loan is two years and the annual interest rate is 1.00%. Payments of principal and interest are deferred for the first ten months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. The Group believed that it would likely qualify for full forgiveness, but there was uncertainty around the standards and operation of the PPP, and no assurance was provided that the Group would obtain forgiveness in whole or in part. Although the Group expected the PPP loan to be forgiven, the loan was accounted for as debt and held as a liability as August 31, 2020. During the year ended August 31, 2021, the Group's loan forgiveness application was fully approved by the SBA. As a result, the loan of $4,213,035 was recognized as a gain on forgiveness of debt.

At the time of merger with University (see Note 3), University had an outstanding PPP loan in the amount of $389,782 that was being accounted for as debt. During the year ended August 31, 2021, University's loan forgiveness application was fully approved by the SBA. As a result, the loan of $389,782 was recognized as a gain on forgiveness of debt.

In total, the Group recognized $4,602,817 in gain on forgiveness of debt relating to PPP loans.

19. EMPLOYEE RETENTION CREDIT

The CARES Act, as modified and clarified by the Consolidated Appropriations Act of 2021 ("CAA"), contains a relief provision for businesses known as the Employee Retention Credit ("ERC"). This provision provides for a refundable payroll tax credit for "qualified wages" paid to employees after March 12, 2020, and before January 1, 2022 (the "Covered Period"). The provision of the CARES Act intends to provide a refundable payroll tax credit to employers who continue to pay employees despite COVID-19 business difficulties and interruptions that either render certain non-essential employees unproductive or cause a significant decline in receipts.

The Group has evaluated the qualification criteria for the ERC and determined that it is eligible for the program and has submitted amended payroll tax returns for quarters ending in 2020 and 2021 totaling $3,452,707 in payroll tax credits. The Group believes it is probable it will receive these payroll tax credits and therefore has recorded non-operating income and a corresponding receivable for the entire amount which is included within accounts receivable in the accompanying consolidated financial statements.

20. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. In response, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes significant provisions to provide relief and assistance to affected organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders and the ultimate impact of the CARES Act and other governmental initiatives. It is at least reasonably possible that this matter could negatively impact the Group and its ability to provide services or regular classroom activities. However, the financial impact and duration cannot be reasonably estimated at this time.