



Financial Statements
June 30, 2020
(with Comparative Totals for 2019)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California Scottish Rite Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of California Scottish Rite Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and change in net assets, functional expenses, 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.

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 California Scottish Rite Foundation as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

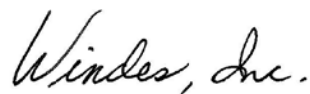
As discussed in Note 1, during the year ended June 30, 2020, California Scottish Rite Foundation adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Customers (Topic 606)*, ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, and their related amendments. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of financial position and activities by fund on pages 27-30 are presented for purposes of additional analysis and are 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.

Report on Summarized Comparative Information

We have previously audited the financial statements of California Scottish Rite Foundation, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the 2019 audited financial statements from which it has been derived.



Irvine, California
November 6, 2020

CALIFORNIA SCOTTISH RITE FOUNDATION

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

ASSETS

	June 30,	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 518,954	\$ 227,957
Interest and dividends receivable	77,100	117,675
Contributions and bequests receivable	274,378	383,306
Prepaid expenses and other current assets	63,046	54,793
Investments	47,256,306	49,329,992
Property and equipment, net	52,302	253,905
Beneficial interest in third-party trusts	231,402	197,566
TOTAL ASSETS	\$ 48,473,488	\$ 50,565,194

LIABILITIES AND NET ASSETS

LIABILITIES		
Accrued liabilities	\$ 316,306	\$ 288,474
PPP loan advance	304,888	-
TOTAL LIABILITIES	621,194	288,474
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS		
Without donor restrictions		
Undesignated	5,715,083	6,675,122
Board-designated	4,831,845	4,964,229
Total without donor restrictions	10,546,928	11,639,351
With donor restrictions	37,305,366	38,637,369
Total net assets	47,852,294	50,276,720
TOTAL LIABILITIES AND NET ASSETS	\$ 48,473,488	\$ 50,565,194

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

CALIFORNIA SCOTTISH RITE FOUNDATION

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
SUPPORT AND REVENUE				
Contributions	\$ 72,129	\$ 874,242	\$ 946,371	\$ 870,104
Estates and bequests	37	253,865	253,902	890,746
Special events, net of direct costs of \$39,250	-	138,573	138,573	125,723
Investment (loss)/income, net	(55,197)	(251,335)	(306,532)	2,024,542
Royalty, rental, and other revenue	9,637	511	10,148	25,105
Change in value of beneficial interest	2,872	(13,449)	(10,577)	2,264
Gain on disposal of assets	327,840	-	327,840	-
Net assets released from restrictions and reclassifications	<u>2,334,410</u>	<u>(2,334,410)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,691,728</u>	<u>(1,332,003)</u>	<u>1,359,725</u>	<u>3,938,484</u>
EXPENSES				
Program services	2,746,933	-	2,746,933	3,006,121
Management and general	384,636	-	384,636	354,594
Fund-raising	<u>652,582</u>	<u>-</u>	<u>652,582</u>	<u>532,764</u>
TOTAL EXPENSES	<u>3,784,151</u>	<u>-</u>	<u>3,784,151</u>	<u>3,893,479</u>
CHANGE IN NET ASSETS	(1,092,423)	(1,332,003)	(2,424,426)	45,005
NET ASSETS, BEGINNING OF YEAR	<u>11,639,351</u>	<u>38,637,369</u>	<u>50,276,720</u>	<u>50,231,715</u>
NET ASSETS, END OF YEAR	<u>\$ 10,546,928</u>	<u>\$ 37,305,366</u>	<u>\$ 47,852,294</u>	<u>\$ 50,276,720</u>

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

CALIFORNIA SCOTTISH RITE FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	Program Services			Supporting Services		Total	
	Childhood Language Centers	Scholarships and Grants	Program Total	Management and General	Fund-raising	2020	2019
Salaries and payroll taxes	\$ 1,301,677	\$ -	\$ 1,301,677	\$ 265,645	\$ 353,436	\$ 1,920,758	\$ 931,750
Employee benefits	88,859	-	88,859	31,061	20,481	140,401	61,569
Total payroll expenses	1,390,536	-	1,390,536	296,706	373,917	2,061,159	993,319
Contracted language therapists	652,038	-	652,038	-	-	652,038	1,595,194
Dues and subscriptions	2,703	-	2,703	4,833	3,945	11,481	5,098
Fund-raising	-	-	-	-	30,555	30,555	53,742
Insurance	14,528	-	14,528	-	6,751	21,279	20,337
Office expense	6,297	206	6,503	2,102	2,493	11,098	13,971
Other	25,829	-	25,829	6,996	17,161	49,986	68,963
Outside services	4,869	-	4,869	-	181	5,050	43,218
Publication	8,250	-	8,250	29,959	2,538	40,747	59,374
Professional fees	35,725	-	35,725	21,930	67,855	125,510	115,474
Publicity and marketing	1,115	-	1,115	-	95,087	96,202	77,689
Rent	167,066	-	167,066	-	34,552	201,618	182,522
Repairs and maintenance	5,473	-	5,473	-	-	5,473	6,517
Scholarships and grants	-	352,821	352,821	-	-	352,821	535,387
Supplies	29,854	-	29,854	-	-	29,854	19,323
Travel and parking	6,955	-	6,955	19,568	9,933	36,456	35,871
Utilities and telephone	19,029	-	19,029	-	5,238	24,267	28,961
Depreciation and amortization	22,899	740	23,639	2,542	2,376	28,557	38,519
Total expenses	<u>\$ 2,393,166</u>	<u>\$ 353,767</u>	<u>\$ 2,746,933</u>	<u>\$ 384,636</u>	<u>\$ 652,582</u>	<u>\$ 3,784,151</u>	<u>\$ 3,893,479</u>

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

CALIFORNIA SCOTTISH RITE FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	For the Year Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,424,426)	\$ 45,005
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	28,557	38,519
Net loss on sale of investments	495,085	33,620
Net unrealized loss on investments	1,228,519	209,967
Change in value of beneficial interests	(33,836)	(2,264)
Gain on disposal of assets	(323,952)	-
Changes in operating assets and liabilities:		
Interest and dividends receivable	40,575	(5,242)
Contributions and bequests receivable	108,928	790,468
Prepaid expenses and other current assets	(8,253)	7,059
Accrued liabilities	27,832	(33,315)
Net Cash Provided By (Used In) Operating Activities	(860,971)	1,083,817
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(12,077)	(26,746)
Proceeds from sale of building	509,075	-
Proceeds from sale of investments	22,391,913	3,604,006
Purchase of investments	(22,040,338)	(4,703,692)
Net Cash Provided By (Used In) Investing Activities	848,573	(1,126,432)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan advance	304,888	-
Interest and dividends restricted for permanent reinvestment	(1,493)	7,099
Net Cash Provided By Financing Activities	303,395	7,099
NET CHANGE IN CASH AND CASH EQUIVALENTS	290,997	(35,516)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	227,957	263,473
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 518,954	\$ 227,957
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTMENT AND FINANCING ACTIVITIES		
Income taxes	\$ -	\$ -
Interest	\$ -	\$ -

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

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 – Summary of Significant Accounting Policies

Foundation and Nature of Activities

The California Scottish Rite Foundation (the Foundation), a non-profit public benefit corporation, was formed in 1958 to support and assist the children in California to develop their full potential by providing childhood language services, scholarships and other charitable programs. The Foundation's administrative office is located in Santa Ana, California and consists of the Foundation's corporate headquarters and supporting staff. The Foundation operates fourteen RiteCare childhood language centers throughout California.

The Foundation is supported primarily by contributions from the general public and investment income.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Recently Adopted Accounting Standards

On July 1, 2020, the Foundation adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), and their related amendments. ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaced most existing revenue recognition guidance in U.S. GAAP and permits the use of either a full retrospective or retrospective with the cumulative-effect transition method.

ASU 2018-08 provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions, as well as distinguishing between conditional and unconditional contributions.

The Foundation has elected the cumulative-effect transition method resulting in no adjustment to the opening balance to net assets.

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in *Leases (Topic 840)*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Foundation is currently evaluating the impact of the adoption of the new standard.

Financial Statement Presentation

The Foundation 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:

- Without donor restrictions –
 - Undesignated – Net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objective of the Foundation.
 - Board-designated – Net assets that are not subject to donor-imposed restrictions but have been designated by the Foundation’s board for use for a specific RiteCare language center and for scholarships.
- With donor restrictions - Net assets subject to donor-imposed restrictions. Some restrictions can be fulfilled by actions of the Foundation or by the passage of time. As the restrictions are satisfied, the related net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions and reclassifications.

Other donor restrictions may be perpetual in nature, where the donor stipulates that the corpus be maintained in perpetuity. Generally, the donors of such assets permit the Foundation to use all or part of the income earned on the assets.

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates. The significant items in these statements that are affected by management estimates are contributions and bequests receivable, beneficial interest in third-party trusts, depreciation, and allocations of functional expenses.

Prior-Period Information

The financial statements include certain prior-period summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassifications

Certain prior-period reported amounts have been reclassified to conform to the current year presentation.

Contributions

Generally accepted accounting principles require that the Foundation reports information about its financial position and activities in two classes of net assets: those without donor restrictions and those with donor restrictions. Contributions are recognized when the donor makes a promise to give to the Foundation that is unconditional. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions and reclassifications.

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources with an original maturity of three months or less when purchased.

From time to time, cash balances may exceed federally insured limits. The Foundation has not experienced any previous losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Contributions and Bequests Receivable and Promises to Give

The Foundation has been named beneficiary of various estates. Bequests received under such estates are not recorded until the Foundation has a legal right to such assets, the distribution of assets to the Foundation is probable, and the amount of the distribution can be reasonably estimated. The Foundation's estimate is subject to uncertainty because it involves significant assumptions. The nature of the uncertainty results from a lack of information from third-party trustees regarding remainder amounts of trust assets and future distributions. It is at least reasonably possible that a change in the estimate will occur in the near term and the effect of the change would be material to the financial statements.

Unconditional promises to give are recorded at net present value of estimated cash flows. No allowance for uncollectible receivables has been recorded as all unconditional promises to give are deemed collectible by management. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments

Investments in equity securities with readily determinable fair values are recorded at fair value, based on quoted market prices. Investments in fixed income mutual funds are recorded at fair value, based on quoted market prices from sources such as financial publications or exchanges. Realized and unrealized gains and losses have been netted on the statement of activities.

CALIFORNIA SCOTTISH RITE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Investments (Continued)

Investments in alternative investments are valued based on valuations provided by independent third-party pricing agents using their proprietary valuation methodologies. In situations where market inputs are not available or do not provide a sufficient basis under current market conditions for pricing the instrument, the valuation may reflect the dealer's view of the assumptions that market participants would use in pricing the instrument.

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

Property and Equipment

Property and equipment is stated at cost, if purchased, or at fair value at the date of the gift, if donated and significant. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as increases to net assets without donor restrictions.

Depreciation has been recorded using the straight-line method over the estimated useful lives of the assets ranging from five to forty years. Leasehold improvements are amortized over the shorter of the useful life and the term of the lease. The cost of property and equipment purchased in excess of \$500 is capitalized. Repairs, maintenance and minor acquisitions are expensed as incurred, and the Foundation uses the direct expensing method to account for planned major maintenance activities.

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets such as property and equipment to determine if there has been an impairment of value whenever events or changes occur that indicate the carrying value of the assets may have declined and not be recoverable. No circumstances have occurred during the year causing the Foundation to believe there has been any impairment of the carrying value of its long-lived assets. There can be no assurance, however, that market or other conditions will not change in the future, resulting in impairment of long-lived assets.

CALIFORNIA SCOTTISH RITE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and Section 23701(d) of the California Tax Code. Consequently, the accompanying financial statements do not reflect any provision for income taxes. Contributions to the Foundation are deductible for tax purposes under Section 170(c)(2) of the IRC. The Foundation is not a private foundation.

The Foundation evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will, more likely than not, be sustained upon examination. As of June 30, 2020, management does not believe the Foundation has any uncertain tax positions requiring accrual or disclosure. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Fair Value Measurements and Disclosures

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

GAAP emphasizes that fair value is a market-based measurement, not an entity-specific measurement. As a basis for considering market-participant assumptions in fair market value measurements, GAAP establishes a fair value hierarchy that distinguishes between market-participant assumptions. This is based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within levels 1 and 2 of the hierarchy) and the reporting entity’s own assumptions about market-participant assumptions (unobservable inputs classified within level 3 of the hierarchy).

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Fair Value Measurements and Disclosures (Continued)

Per ASU 2015-07, investments measured at net assets value, as reported by external managers, as a practical expedient for the fair value, are excluded from the fair value hierarchy.

Level 1 Inputs utilize quoted prices in active markets for identical assets or liabilities that are able to be accessed.

Level 2 Inputs utilize data other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly, and may include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs and data that are derived from, or corroborated by, observable market data at commonly quoted intervals or by other means.

Level 3 Inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Fair value measurements within the fair value hierarchy are based on the lowest level of any input that is significant to the measurement of a particular asset or liability. Valuations will maximize the use of observable inputs and minimize the use of unobservable inputs.

Contributed Materials and Services

The Foundation receives periodic donations of materials from local vendors, and from the community, which are recorded at estimated fair market value at the date of donation, if significant.

A substantial number of volunteers have donated significant amounts of their time to the Foundation and its programs. The donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services benefited.

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Functional Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated on a consistent basis among the program services and supporting services benefited. Significant expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll expenses	Time and effort
Rent	Usage

Advertising Costs

The Foundation uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2020 and 2019 was \$87,277 and \$77,689, respectively.

NOTE 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 475,454
Interest and dividends receivable	7,380
Investments	<u>5,049,828</u>
	<u>\$ 5,532,662</u>

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 3 – Investments

The following schedule summarizes investments, which are carried at fair value:

	<u>June 30, 2020</u>		<u>June 30, 2019</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
US Equity Mutual Funds	\$ 13,894,831	\$ 13,034,817	\$ 13,475,557	\$ 12,665,672
International Equity Mutual Funds	11,740,582	12,092,854	11,591,106	11,174,401
Fixed Income Mutual Funds	13,665,763	13,870,010	14,708,907	15,378,127
Other Investments	238,828	238,828	-	-
Alternative Investments	<u>7,716,302</u>	<u>6,092,367</u>	<u>9,554,422</u>	<u>7,010,000</u>
	<u>\$ 47,256,306</u>	<u>\$ 45,328,876</u>	<u>\$ 49,329,992</u>	<u>\$ 46,228,200</u>

The components of total investment return (loss) from investments are as follows:

	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
	<u>Undesignated</u>	<u>Designated</u>			
Interest and dividends income	\$ 188,899	\$ 164,622	\$ 1,351,570	\$ 1,705,091	\$ 2,563,441
Advisory fees	(31,040)	(28,489)	(228,490)	(288,019)	(295,312)
Realized net gain (loss) on investments	(50,052)	(41,999)	(403,034)	(495,085)	(33,620)
Unrealized net loss on investments	<u>(143,327)</u>	<u>(113,811)</u>	<u>(971,381)</u>	<u>(1,228,519)</u>	<u>(209,967)</u>
Net return (loss) on investments	<u>\$ (35,520)</u>	<u>\$ (19,677)</u>	<u>\$ (251,335)</u>	<u>\$ (306,532)</u>	<u>\$ 2,024,542</u>

During the year ended June 30, 2020, \$1,493 of interest and dividends income was added to the corpus of the Ruppert Memorial Scholarship Fund, in accordance with the original donor's instructions. (See Note 12.)

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Investments are managed by investment managers who have responsibility for investing the funds in various investment classes.

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 3 – Investments (Continued)

Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

NOTE 4 – Contributions and Bequests Receivable

Contributions and bequests receivable, which represent unconditional promises to give, consist of the following at June 30, 2020:

Due in less than one year	<u>\$ 274,378</u>
---------------------------	-------------------

NOTE 5 – Property and Equipment

Property and equipment is summarized as follows:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Buildings	\$ -	\$ 478,797
Leasehold improvements	28,072	26,352
Equipment, furniture, and software	<u>348,506</u>	<u>359,158</u>
	376,578	864,307
Less accumulated depreciation and amortization	<u>(324,276)</u>	<u>(610,402)</u>
Total property and equipment, net	<u>\$ 52,302</u>	<u>\$ 253,905</u>

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was \$28,557 and \$38,519, respectively.

On August 15, 2019, the affiliated Scottish Rite Body of the Santa Rosa RiteCare childhood language center completed the sale of a building. The Foundation and the affiliated entity had an agreement that entitled the Foundation to 18% of the proceeds from the sale. The Foundation's share of the proceeds from the sale was \$509,075. The Foundation recorded a gain of \$327,840 as the result of the transaction.

CALIFORNIA SCOTTISH RITE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

NOTE 6 – Beneficial Interests

Third-Party Trusts

The Foundation has a beneficial interest in charitable remainder trusts that represents the fair value of assets held in trust by a third-party trustee. Under terms of the split-interest agreements, donors receive annual distributions until their death, at which time the trust is terminated and the remaining trust assets are distributed to the Foundation. Based on the donors' life expectancies, payout rates of 7% and 5.7%, estimated invest returns and discount rate of 2.5% and 4.5%, the estimated present value of the Foundation's interest in the two remainder trusts at June 30, 2020 and 2019 was \$231,402 and \$197,566, respectively.

NOTE 7 – PPP Loan Advance

In March 2020, Congress passed the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act, authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities, and interest on mortgages. Loans obtained through the program are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain other conditions are met. On April 30, 2020, the Foundation received a loan in the amount of \$304,888 through the PPP. Management expects that the entire loan will be used for qualifying purposes; therefore, management anticipates that the loan will be substantially forgiven. To the extent it is not forgiven, the Foundation would be required to repay that portion at an interest rate of 1% over a period of two years, beginning December 2020 with a final installment in May 2022.

CALIFORNIA SCOTTISH RITE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 7 – PPP Loan Advance (Continued)

Future maturities of the PPP loan advance, if not forgiven, are as follows:

Year Ending June 30,	Principal
2021	\$ 89,673
2022	215,215
	\$ 304,888

NOTE 8 – Accrued Liabilities

Accrued liabilities consists of the following:

	June 30,	
	2020	2019
Accounts payable and accrued liabilities	\$ 226,632	\$ 188,566
Accrued wages	71,061	42,763
Accrued compensated absences	18,613	57,145
Total accrued liabilities	\$ 316,306	\$ 288,474

NOTE 9 – Commitments and Contingencies

Rent

The Foundation rents space for RiteCare childhood language centers from various related entities. (See Note 14.) The Foundation also rents office space from unrelated third parties. Rent expense was \$201,618 and \$182,522 for the years ended June 30, 2020 and 2019, respectively.

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 9 – Commitments and Contingencies (Continued)

Rent (Continued)

The minimum lease payments required under the above noted operating leases are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 77,574
2022	61,483
2023	<u>26,321</u>
Total	<u>\$ 165,378</u>

Business Risks Associated with the Impact of COVID-19

The Foundation's operations may be affected by the recent and ongoing outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, possible effects may include, but are not limited to, disruption of the Foundation's fundraising efforts, which could have an impact on the Foundation's financial position and operating results. There is significant uncertainty as to the severity and longevity of the outbreak and management is in the process of evaluating the impact on the business and its financial statements.

NOTE 10 – Net Assets Designated by the Board

The Foundation's governing board has designated net assets for the following purposes as of June 30, 2020:

For use by and the benefit of:	
Stockton RiteCare Childhood	
Language Center	\$ 4,343,449
Stovall Scholarship Fund	358,375
Miller Scholarship Fund	<u>130,021</u>
	<u>\$ 4,831,845</u>

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 11 – Net Assets With Donor Restrictions

Net assets with donor restrictions that expire upon expenditure for specified purpose or upon the passage of time are as follows:

	June 30,	
	2020	2019
Subject to the passage of time		
General Fund	\$ 65,660	\$ 65,660
Subject to expenditure for specified purpose or location		
RiteCare Childhood Language Centers	28,039,301	29,110,595
Scholarship Funds	2,580,626	2,683,798
Endowment net assets subject to spending policy and appropriation		
RiteCare Childhood Language Centers	1,532,601	1,582,897
Scholarship Funds	232,982	338,730
Endowment net assets restricted in perpetuity	4,854,196	4,855,689
	\$ 37,305,366	\$ 38,637,369

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 12 – Endowment Funds

The Foundation's endowment consists of eleven funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the UPMIFA 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 Foundation classifies as net assets with donor restrictions (a) the original value of the gifts donated to the perpetual endowment, (b) the original value of the 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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Investment and Spending Policies - The Foundation has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment assets, while seeking to maintain the purchasing power of these endowment assets over the long-term. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in consistent rate of return that has sufficient liquidity to make an annual distribution of up to 4.5%, while growing funds if possible. Actual returns in any given year may vary from this amount.

The Foundation has a target for appropriations for distribution each year of up to 4.5% of a moving three-year average of the fair value of the endowment funds. In establishing this practice, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effect of inflation.

CALIFORNIA SCOTTISH RITE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

NOTE 12 – Endowment Funds (Continued)

Endowment net assets consist of the following at June 30, 2020 and 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<i>June 30, 2020</i>			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 4,854,196	\$ 4,854,196
Accumulated investment gains	<u>-</u>	<u>1,765,583</u>	<u>1,765,583</u>
Total	<u>\$ -</u>	<u>\$ 6,619,779</u>	<u>\$ 6,619,779</u>
<i>June 30, 2019</i>			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 4,855,689	\$ 4,855,689
Accumulated investment gains	<u>-</u>	<u>1,921,627</u>	<u>1,921,627</u>
Total	<u>\$ -</u>	<u>\$ 6,777,316</u>	<u>\$ 6,777,316</u>

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 12 – Endowment Funds (Continued)

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	With Donor Restrictions		
	Specified Purpose	In Perpetuity	Total
Endowment net assets, June 30, 2018	\$ 1,574,878	\$ 4,848,590	\$ 6,423,468
Investment return, net	419,839	7,099	426,938
Contributions	-	-	-
Appropriation of endowment assets	(73,090)	-	(73,090)
Endowment net assets, June 30, 2019	1,921,627	4,855,689	6,777,316
Investment return, net	(76,142)	(1,493)	(77,635)
Contributions	-	-	-
Appropriation of endowment assets	(79,902)	-	(79,902)
Endowment net assets, June 30, 2020	<u>\$ 1,765,583</u>	<u>\$ 4,854,196</u>	<u>\$ 6,619,779</u>

Endowment funds for RiteCare Childhood Language Centers are pooled together with other funds in one investment portfolio. The earnings and change in the values for those funds are calculated using percentage of respective fund balance to total portfolio value.

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 13 – Fair Value Measurements

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2020 and 2019:

	Fair Value Measurements			Total	
	Level 1	Level 2	Level 3	2020	2019
Mutual funds:					
US equities	\$ 13,894,831	\$ -	\$ -	\$ 13,894,831	\$ 13,475,557
International equities	11,740,582	-	-	11,740,582	11,591,106
Other investments	-	-	238,828	238,828	-
Fixed income mutual funds	<u>13,665,765</u>	<u>-</u>	<u>-</u>	<u>13,665,765</u>	<u>14,708,907</u>
Investments subject to fair value leveling	39,301,178	-	-	39,540,006	39,775,570
Alternative investments at net asset value (a)	<u>-</u>	<u>-</u>	<u>7,716,302</u>	<u>7,716,302</u>	<u>9,554,422</u>
Total investments	<u>39,301,178</u>	<u>-</u>	<u>7,955,130</u>	<u>47,256,308</u>	<u>49,329,992</u>
Beneficial interest in third-party trust	<u>-</u>	<u>-</u>	<u>231,402</u>	<u>231,402</u>	<u>197,566</u>
Total beneficial interest	<u>-</u>	<u>-</u>	<u>231,402</u>	<u>231,402</u>	<u>197,566</u>
Total	<u>\$ 39,301,178</u>	<u>\$ -</u>	<u>\$ 8,186,532</u>	<u>\$ 47,487,710</u>	<u>\$ 49,527,558</u>

- (a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position.

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 13 – Fair Value Measurements (Continued)

The table below presents information about changes in assets measured at fair value on a recurring basis using level 3 inputs to determine fair value:

	<u>Beneficial Interest In Third-Party Trusts</u>	<u>Other Investments</u>
Balance at July 1, 2019	\$ 197,566	\$ -
Contribution	-	250,000
Change in value of level 3 assets	<u>33,836</u>	<u>(11,172)</u>
Balance at June 30, 2020	<u>\$ 231,402</u>	<u>\$ 238,828</u>

NOTE 14 – Related-Party Transactions

The Foundation’s 14 RiteCare childhood language centers are affiliated with their respective Scottish Rite Masonic Centers. Certain centers pay occupancy cost, salaries and other expense reimbursements to their related affiliates. The expenses paid are as follows:

<u>Location</u>	<u>2020</u>	<u>2019</u>
Fresno	\$ 40,514	\$ 38,047
Long Beach	14,732	24,778
Los Angeles	-	11,839
Orange County	-	7,495
Pasadena	-	33,968
Sacramento	45,874	46,520
San Bernardino	24,000	25,048
San Diego	30,300	45,897
San Francisco	-	21,562
San Jose	17,786	-
Santa Barbara	25,350	21,682
Santa Rosa	<u>-</u>	<u>7,508</u>
Total	<u>\$ 198,556</u>	<u>\$ 284,344</u>

CALIFORNIA SCOTTISH RITE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 14 – Related-Party Transactions (Continued)

The Orange County, Palm Springs and Santa Rosa language centers rent their space in commercial buildings from a third party. The Fresno, San Bernardino and San Diego language centers rent their facilities from their affiliated Scottish Rite Bodies. The remaining language centers are provided facilities by their affiliated Scottish Rite Bodies at no cost.

NOTE 15 – Subsequent Events

Management has evaluated subsequent events through November 6, 2020, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CALIFORNIA SCOTTISH RITE FOUNDATION
SCHEDULE I - STATEMENT OF FINANCIAL POSITION BY FUND
JUNE 30, 2020

RiteCare Childhood Language Centers															
	General	RiteCare	Scholarship			Long	Los		Orange	Northern	Palm		Pasadena	Sacramento	San
ASSETS	Fund	CLCs	Funds	Eliminations	Fresno	Beach	Angeles	Oakland	County	California	Springs	Pasadena	Sacramento	Bernardino	
	Total														
Cash and cash equivalents	\$ 518,954	\$ 475,454	\$ 43,500	\$ -	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ -	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	
Interest and dividends receivable	77,100	7,380	61,910	7,810	1,330	9,387	1,299	3,199	803	137	24	1,320	17,689	2,833	
Contributions and bequests receivable	274,378	159,200	115,178	-	-	-	-	-	-	-	-	1,000	41,750	4,961	
Intercompany receivable	-	-	-	29,739	(29,739)	-	-	-	-	-	-	-	-	-	
Prepaid expenses and other current assets	63,046	25,545	37,501	-	238	1,207	3,614	-	3,583	-	3,370	2,107	-	8	
Investments	47,256,306	5,049,828	37,792,946	4,413,532	867,025	6,119,488	846,601	2,085,107	523,662	89,294	15,433	860,420	8,966,798	1,846,717	
Property and equipment, net															
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Leasehold improvements	28,072	-	28,072	-	5,863	-	-	6,620	-	-	2,524	-	-	9,487	
Equipment, furniture, and software	348,506	89,471	259,035	-	354	7,657	8,295	26,650	1,925	-	9,594	40,864	52,771	-	
Accumulated depreciation and amortization	(324,276)	(67,410)	(256,866)	-	(2,148)	(5,782)	(6,972)	(33,014)	(1,925)	-	(10,602)	(38,414)	(50,021)	(3,910)	
Property and equipment, net	52,302	22,061	30,241	-	4,069	1,875	1,323	256	-	-	1,516	2,450	2,750	5,577	
Beneficial interest in third-party trusts	231,402	69,632	161,770	-	-	-	-	-	-	-	161,770	-	-	-	
TOTAL ASSETS	\$ 48,473,488	\$ 5,809,100	\$ 38,243,046	\$ 4,451,081	\$ (29,739)	\$ 875,762	\$ 6,135,057	\$ 855,937	\$ 2,091,662	\$ 531,148	\$ 89,431	\$ 185,213	\$ 870,397	\$ 9,032,087	\$ 1,863,196
LIABILITIES AND NET ASSETS															
CURRENT LIABILITIES															
Accounts payable and accrued liabilities	\$ 316,306	\$ 111,571	\$ 162,197	\$ 42,538	\$ -	\$ 2,252	\$ 14,024	\$ 1,222	\$ 5,424	\$ 756	\$ 129	\$ 1,692	\$ 7,905	\$ 32,081	\$ 8,564
PPP loan advance	304,888	304,888	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany payable	-	29,739	-	-	(29,739)	-	-	-	-	-	-	-	-	-	-
Total liabilities	621,194	446,198	162,197	42,538	(29,739)	2,252	14,024	1,222	5,424	756	129	1,692	7,905	32,081	8,564
Net Assets															
Without donor restrictions - Undesignated	5,715,083	5,297,242	397,841	20,000	-	-	-	-	-	-	-	-	-	-	-
Without donor restrictions - Board designated	4,831,845	-	4,343,449	488,396	-	-	-	-	-	-	-	-	-	-	-
Total net assets without donor restrictions	10,546,928	5,297,242	4,741,290	508,396	-	-	-	-	-	-	-	-	-	-	-
With donor restrictions for time or specific purpose	32,451,170	65,660	29,571,901	2,813,609	-	737,510	6,121,033	821,260	1,986,238	530,392	89,302	183,521	862,492	5,699,262	1,854,632
With donor restrictions in perpetuity	4,854,196	-	3,767,658	1,086,538	-	136,000	-	33,455	100,000	-	-	-	-	3,300,744	-
Total net assets with donor restrictions	37,305,366	65,660	33,339,559	3,900,147	-	873,510	6,121,033	854,715	2,086,238	530,392	89,302	183,521	862,492	9,000,006	1,854,632
Total net assets	47,852,294	5,362,902	38,080,849	4,408,543	-	873,510	6,121,033	854,715	2,086,238	530,392	89,302	183,521	862,492	9,000,006	1,854,632
TOTAL LIABILITIES AND NET ASSETS	\$ 48,473,488	\$ 5,809,100	\$ 38,243,046	\$ 4,451,081	\$ (29,739)	\$ 875,762	\$ 6,135,057	\$ 855,937	\$ 2,091,662	\$ 531,148	\$ 89,431	\$ 185,213	\$ 870,397	\$ 9,032,087	\$ 1,863,196

See Independent Auditors' Report.

CALIFORNIA SCOTTISH RITE FOUNDATION
SCHEDULE I - STATEMENT OF FINANCIAL POSITION BY FUND
JUNE 30, 2020
(Continued)

	RiteCare Childhood Language Centers					Scholarship Funds										
	Santa Barbara	San Diego	San Francisco	Santa Rosa	Stockton	RiteCard Reader	Ruppert Fund	Baldwin Fund	San Francisco Scholarship	Santa Barbara Restricted	Santa Barbara Unrestricted	Lister Fund	Bakersfield Fund	Stovall Fund	Miller Fund	Americanism Fund
ASSETS																
Cash and cash equivalents	\$ 3,200	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and dividends receivable	6,120	3,682	3,819	3,586	6,658	24	2,772	731	2,741	117	507	184	-	550	199	9
Contributions and bequests receivable	-	12,050	36,800	18,617	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany receivable	-	-	-	-	-	-	29,739	-	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	2,802	317	2,452	1,000	-	16,803	-	-	-	-	-	-	-	-	-	-
Investments	3,989,359	2,399,948	2,489,701	2,337,616	4,339,957	15,820	1,092,259	476,740	1,787,103	76,490	330,726	119,979	36,287	358,342	130,010	5,596
Property and equipment, net																
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold improvements	3,578	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment, furniture, and software	9,324	29,349	67,013	5,239	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation and amortization	(9,721)	(24,549)	(64,978)	(4,830)	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	3,181	4,800	2,035	409	-	-	-	-	-	-	-	-	-	-	-	-
Beneficial interest in third-party trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 4,004,662	\$ 2,423,897	\$ 2,537,907	\$ 2,364,328	\$ 4,349,715	\$ 32,647	\$ 1,124,770	\$ 477,471	\$ 1,789,844	\$ 76,607	\$ 331,233	\$ 120,163	\$ 36,287	\$ 358,892	\$ 130,209	\$ 5,605
LIABILITIES AND NET ASSETS																
CURRENT LIABILITIES																
Accounts payable and accrued liabilities	\$ 12,221	\$ 8,930	\$ 51,798	\$ 7,623	\$ 6,266	\$ 1,310	\$ 1,507	\$ 688	\$ 2,580	\$ 110	\$ 478	\$ 173	\$ 36,289	\$ 517	\$ 188	\$ 8
PPP loan advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	12,221	8,930	51,798	7,623	6,266	1,310	1,507	688	2,580	110	478	173	36,289	517	188	8
Net Assets																
Without donor restrictions - Undesignated	-	-	-	327,840	-	70,001	-	-	-	-	-	-	-	-	-	20,000
Without donor restrictions - Board designated	-	-	-	-	4,343,449	-	-	-	-	-	-	-	-	358,375	130,021	-
Total net assets without donor restrictions	-	-	-	327,840	4,343,449	70,001	-	-	-	-	-	-	-	358,375	130,021	20,000
With donor restrictions for time or specific purpose	3,992,441	2,407,769	2,486,109	1,838,604	-	(38,664)	141,725	476,783	1,732,264	26,497	330,755	119,990	(2)	-	-	(14,403)
With donor restrictions in perpetuity	-	7,198	-	190,261	-	-	981,538	-	55,000	50,000	-	-	-	-	-	-
Total net assets with donor restrictions	3,992,441	2,414,967	2,486,109	2,028,865	-	(38,664)	1,123,263	476,783	1,787,264	76,497	330,755	119,990	(2)	-	-	(14,403)
Total net assets	3,992,441	2,414,967	2,486,109	2,356,705	4,343,449	31,337	1,123,263	476,783	1,787,264	76,497	330,755	119,990	(2)	358,375	130,021	5,597
TOTAL LIABILITIES AND NET ASSETS	\$ 4,004,662	\$ 2,423,897	\$ 2,537,907	\$ 2,364,328	\$ 4,349,715	\$ 32,647	\$ 1,124,770	\$ 477,471	\$ 1,789,844	\$ 76,607	\$ 331,233	\$ 120,163	\$ 36,287	\$ 358,892	\$ 130,209	\$ 5,605

See Independent Auditors' Report.

CALIFORNIA SCOTTISH RITE FOUNDATION
SCHEDULE II - STATEMENT OF ACTIVITIES BY FUND
FOR THE YEAR ENDED JUNE 30, 2020

RiteCare Childhood Language Centers															
	Total	General Fund	RiteCare CLCs	Scholarship Funds	Eliminations	Fresno	Long Beach	Los Angeles	Oakland	Orange County	Northern California	Palm Springs	Pasadena	Sacramento	San Bernardino
SUPPORT AND REVENUE															
Contributions	\$ 946,371	\$ 72,029	\$ 865,158	\$ 9,184	\$ -	\$ 38,028	\$ 19,850	\$ 4,022	\$ 22,829	\$ 72,630	\$ 8,000	\$ 33,361	\$ 224,173	\$ 120,252	\$ 28,911
Estates and bequests	253,904	39	253,865	-	-	-	-	21,390	-	-	-	-	5,000	90,043	63,218
Special events, net	138,573	-	138,573	-	-	59,112	-	24,251	-	27,525	-	6,235	439	-	-
Investment return, net	(306,532)	(32,743)	(238,583)	(35,206)	-	(4,345)	(28,924)	(5,979)	(10,421)	(4,450)	(449)	(966)	(3,765)	(86,028)	(10,888)
Royalty, rental, and other revenue	10,148	(80,363)	70,511	20,000	-	-	-	-	-	-	-	-	-	511	-
Gain on disposal of assets	327,840	-	327,840	-	-	-	-	-	-	-	-	-	-	-	-
Change in value of beneficial interest	(10,577)	2,872	(13,449)	-	-	-	-	-	-	-	-	29,864	-	(43,313)	-
TOTAL SUPPORT AND REVENUE	1,359,727	(38,166)	1,403,915	(6,022)	-	92,795	(9,074)	43,684	12,408	95,705	7,551	68,494	225,847	81,465	81,241
EXPENSES															
Salaries and payroll taxes	1,910,073	753,299	1,156,774	-	-	-	116,741	-	68,877	-	-	18,389	99,086	-	90,996
Employee benefits	140,401	61,038	79,364	-	-	-	6,508	-	2,458	-	-	454	9,207	-	5,527
Reimbursed labor from related Valleys	10,685	-	10,686	-	-	-	-	-	-	-	-	-	-	13,114	-
Total payroll expenses	2,061,159	814,337	1,246,824	-	-	-	123,249	-	71,335	-	-	18,843	108,293	13,114	96,523
Contracted language therapists	652,038	-	652,038	-	-	95,640	-	15,000	-	64,893	-	-	-	355,905	-
Dues and subscriptions	11,481	9,413	2,069	-	-	-	-	-	450	-	-	553	-	-	-
Fund-raising	30,555	2,562	27,993	-	-	-	-	-	-	-	-	-	659	-	-
Insurance	21,279	19,839	1,440	-	-	-	-	-	-	-	-	-	-	-	-
Office expense	11,098	4,751	6,141	206	-	-	1,713	-	1,403	-	-	58	656	687	-
Other	49,986	29,070	19,641	1,273	-	-	3,403	35	757	809	-	(662)	547	3,037	251
Outside services	5,050	1,581	3,469	-	-	136	255	-	290	280	-	-	68	430	68
Publication	40,747	34,079	6,668	-	-	-	255	232	81	-	-	159	78	3,312	-
Professional fees	125,510	115,941	9,569	-	-	-	192	452	235	-	-	1,207	16	3,680	35
Publicity and marketing	96,202	94,899	1,303	-	-	-	-	-	-	-	-	150	265	-	-
Rent	201,618	34,552	167,066	-	-	30,000	12,890	-	-	19,730	-	7,245	-	31,680	24,000
Repairs and maintenance	5,473	-	5,473	-	-	-	2,754	-	215	595	-	-	85	(117)	-
Scholarships and grants	352,821	123,620	12,000	217,201	-	-	-	12,000	-	-	-	-	-	-	-
Supplies	29,854	-	29,854	-	-	-	-	-	8,253	-	-	-	593	2,907	34
Travel and parking	36,456	35,464	992	-	-	-	-	-	-	-	-	-	-	-	-
Utilities and telephone	24,267	5,238	19,029	-	-	-	4,353	-	-	-	-	892	2,607	6,965	-
Depreciation and amortization	28,557	14,366	14,191	-	-	204	1,080	662	180	-	-	486	464	5,184	240
	1,722,992	525,375	978,936	218,680	-	125,980	26,895	28,381	11,864	86,307	-	10,088	6,038	413,670	24,628
TOTAL EXPENSES	3,784,151	1,339,712	2,225,760	218,680	-	125,980	150,144	28,381	83,199	86,307	-	28,931	114,331	426,784	121,151
CHANGE IN NET ASSETS	(2,424,424)	(1,377,878)	(821,845)	(224,702)	-	(33,185)	(159,218)	15,303	(70,791)	9,398	7,551	39,563	111,516	(345,319)	(39,910)
NET ASSETS, BEGINNING OF YEAR	50,276,718	6,740,780	38,902,693	4,633,245	-	906,695	6,280,251	839,412	2,157,029	520,994	81,751	143,958	750,976	9,345,325	1,894,542
NET ASSETS, END OF YEAR	\$ 47,852,294	\$ 5,362,902	\$ 38,080,848	\$ 4,408,543	\$ -	\$ 873,510	\$ 6,121,033	\$ 854,715	\$ 2,086,238	\$ 530,392	\$ 89,302	\$ 183,521	\$ 862,492	\$ 9,000,006	\$ 1,854,632

See Independent Auditors' Report.

CALIFORNIA SCOTTISH RITE FOUNDATION
SCHEDULE II - STATEMENT OF ACTIVITIES BY FUND
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

	RiteCare Childhood Language Centers						Scholarship Funds									
	Santa Barbara	San Diego	San Francisco	Santa Rosa	Stockton	RiteCard Reader	Ruppert Fund	Baldwin Fund	San Francisco Scholarship	Santa Barbara Restricted	Santa Barbara Unrestricted	Lister Fund	Bakersfield Fund	Stovall Fund	Miller Fund	Americanism Fund
SUPPORT AND REVENUE																
Contributions	\$ 65,845	\$ 88,603	\$ 96,383	\$ 6,601	\$ 14,505	\$ 21,165	\$ -	\$ -	\$ 250	\$ -	\$ 1,083	\$ -	\$ 172	\$ -	\$ 100	\$ 7,579
Estates and bequests	4,228	19,299	21,800	887	28,000	-	-	-	-	-	-	-	-	-	-	-
Special events, net	11,431	8,904	-	676	-	-	-	-	-	-	-	-	-	-	-	-
Investment return, net	(23,383)	(12,815)	(14,482)	(11,745)	(19,944)	1	(14,925)	(2,530)	(11,992)	(420)	(1,900)	(682)	(375)	(1,700)	(689)	7
Royalty, rental, and other revenue	-	-	-	-	-	70,000	-	-	-	-	-	-	-	-	-	20,000
Gain on disposal of assets	-	-	-	327,840	-	-	-	-	-	-	-	-	-	-	-	-
Change in value of beneficial interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL SUPPORT AND REVENUE	58,121	103,991	103,701	324,259	22,561	91,166	(14,925)	(2,530)	(11,742)	(420)	(817)	(682)	(203)	(1,700)	(589)	27,586
EXPENSES																
Salaries and payroll taxes	207,287	216,014	197,307	98,674	-	43,403	-	-	-	-	-	-	-	-	-	-
Employee benefits	11,489	16,901	21,416	2,573	-	2,831	-	-	-	-	-	-	-	-	-	-
Reimbursed labor from related Valleys	-	-	(2,428)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total payroll expenses	218,776	232,915	216,295	101,247	-	46,234	-	-	-	-	-	-	-	-	-	-
Contracted language therapists	-	-	-	-	120,600	-	-	-	-	-	-	-	-	-	-	-
Dues and subscriptions	-	841	-	225	-	-	-	-	-	-	-	-	-	-	-	-
Fund-raising	-	26,166	-	1,168	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	1,440	-	-	-	-	-	-	-	-	-	-	-	-
Office expense	82	525	654	87	-	276	-	-	-	-	-	-	-	-	-	206
Other	4,200	4,181	809	1,851	55	368	1,272	(1)	-	(1)	2	-	-	-	1	-
Outside services	983	225	88	646	-	-	-	-	-	-	-	-	-	-	-	-
Publication	839	1,272	57	183	-	200	-	-	-	-	-	-	-	-	-	-
Professional fees	402	1,120	1,530	700	-	-	-	-	-	-	-	-	-	-	-	-
Publicity and marketing	-	850	-	-	-	38	-	-	-	-	-	-	-	-	-	-
Rent	-	30,000	-	11,521	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	54	-	-	1,887	-	-	-	-	-	-	-	-	-	-	-	-
Scholarships and grants	-	-	-	-	-	-	21,630	12,000	55,000	2,000	10,000	10,000	51,237	21,000	11,000	23,334
Supplies	4,274	155	1,001	27	-	12,610	-	-	-	-	-	-	-	-	-	-
Travel and parking	828	-	60	-	-	104	-	-	-	-	-	-	-	-	-	-
Utilities and telephone	1,133	300	-	2,779	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	84	1,017	4,182	408	-	-	-	-	-	-	-	-	-	-	-	-
	12,879	66,652	8,381	22,922	120,655	13,596	22,902	11,999	55,000	1,999	10,002	10,000	51,237	21,000	11,001	23,540
TOTAL EXPENSES	231,655	299,567	224,676	124,169	120,655	59,830	22,902	11,999	55,000	1,999	10,002	10,000	51,237	21,000	11,001	23,540
CHANGE IN NET ASSETS	(173,534)	(195,576)	(120,975)	200,090	(98,094)	31,336	(37,827)	(14,529)	(66,742)	(2,419)	(10,819)	(10,682)	(51,440)	(22,700)	(11,590)	4,046
NET ASSETS, BEGINNING OF YEAR	4,165,975	2,610,543	2,607,084	2,156,615	4,441,543	-	1,161,090	491,312	1,854,006	78,916	341,574	130,672	51,438	381,075	141,611	1,551
NET ASSETS, END OF YEAR	\$ 3,992,441	\$ 2,414,967	\$ 2,486,109	\$ 2,356,705	\$ 4,343,449	\$ 31,336	\$ 1,123,263	\$ 476,783	\$ 1,787,264	\$ 76,497	\$ 330,755	\$ 119,990	\$ (2)	\$ 358,375	\$ 130,021	\$ 5,597

See Independent Auditors' Report.