ARLINGTON THRIVE

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

KWC Certified Public Accountants

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Arlington Thrive

We have audited the accompanying financial statements of **Arlington Thrive** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free of material misstatement.

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Arlington Thrive** as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kositzka, Wicks and Company

Alexandria, Virginia
January 14, 2022

Arlington Thrive

Statements of Financial Position

June 30,	**2021**	**2020**
Assets		
Current assets		
Cash and cash equivalents	$ 457,392	$ 439,815
Restricted cash	1,136,700	454,740
Contributions receivable	68,810	-
Prepaid expenses	14,661	1,938
	1,677,563	896,493
Other assets		
Certificates of deposit	-	188,175
Investments	191,205	-
Investments - endowment	875,270	795,293
Property and equipment, net	7,356	-
	1,073,831	983,468
Total assets	$ 2,751,394	$ 1,879,961
Liabilities and net assets		
Current liabilities		
Accounts payable	$ 45,566	$ 8,685
Accrued expenses	36,796	29,280
Refundable advance	26,721	175,165
SBA Paycheck Protection Program loan	-	35,000
Total liabilities	109,083	248,130
Net assets		
Without donor restrictions, board designated reserve fund	191,205	188,175
Without donor restrictions	972,895	354,338
With donor restrictions		
Purpose restrictions	1,478,211	1,089,318
Total net assets	2,642,311	1,631,831
Total liabilities and net assets	$ 2,751,394	$ 1,879,961

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Arlington Thrive

Statement of Activities
for the year ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Arlington County funds	$ 2,193,485	$ 766,059	$ 2,959,544
Contributions	1,084,854	-	1,084,854
Federal grants	3,410,570	-	3,410,570
Foundation grants	156,150	-	156,150
Investment income, net	6,338	109,978	116,316
Other	1,216	-	1,216
SBA Paycheck Protection forgiveness	35,000	-	35,000
United Way and CFC funding	4,193	-	4,193
Net assets released from restrictions	487,144	(487,144)	-
Total revenue	7,378,950	388,893	7,767,843
Expenses			
Emergency assistance	6,167,658	-	6,167,658
Management and general	291,010	-	291,010
Fundraising	298,695	-	298,695
Total expenses	6,757,363	-	6,757,363
Change in net assets	621,587	388,893	1,010,480
Net assets, beginning of year	542,513	1,089,318	1,631,831
Net assets, end of year	$ 1,164,100	$ 1,478,211	$ 2,642,311

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Arlington Thrive

Statement of Activities
for the year ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Arlington County funds	$ 1,834,353	$ 349,002	$ 2,183,355
Contributions	809,865	-	809,865
Federal grants	64,835	-	64,835
Foundation grants	170,250	-	170,250
Investment income, net	4,573	17,916	22,489
United Way and CFC funding	9,948	-	9,948
Net assets released from restrictions	246,645	(246,645)	-
Total revenue	3,140,469	120,273	3,260,742
Expenses			
Emergency assistance	2,581,442	-	2,581,442
Management and general	92,464	-	92,464
Fundraising	242,775	-	242,775
Total expenses	2,916,681	-	2,916,681
Change in net assets	223,788	120,273	344,061
Net assets, beginning of year	318,725	969,045	1,287,770
Net assets, end of year	$ 542,513	$ 1,089,318	$ 1,631,831

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Arlington Thrive

Statement of Functional Expenses
for the year ended June 30, 2021

	Emergency assistance	Management and general	Fundraising	Total
Expenses				
Audit charges	$ 8,075	$ 8,075	$ -	$ 16,150
Bank charges	4,549	1,860	9,514	15,923
Bookkeeping	17,047	18,586	-	35,633
Community outreach	5,579	8,475	28,136	42,190
Computer-related expense	21,072	8,270	5,048	34,390
Conferences and meetings	383	996	267	1,646
Depreciation	-	128	-	128
Dues and subscriptions	12,613	4,105	5,272	21,990
Emergency assistance	5,550,091	-	-	5,550,091
Employee benefits	6,944	25,243	419	32,606
Fundraising	-	-	69,406	69,406
Insurance	6,037	-	320	6,357
Legal	11,775	12,737	1,639	26,151
Office rent	2,706	2,731	2,706	8,143
Office supplies and services	4,498	8,832	2,010	15,340
Payroll taxes	23,806	28,253	4,826	56,885
Postage and freight	2,184	1,095	7,384	10,663
Printing	2,012	786	27,569	30,367
Salaries	449,601	144,549	128,091	722,241
Staff training	11,250	12,064	6,088	29,402
Telephone	27,436	3,894	-	31,330
Travel	-	67	-	67
Website	-	264	-	264
Total expenses by function	$ 6,167,658	$ 291,010	$ 298,695	$ 6,757,363

Arlington Thrive

Statement of Functional Expenses
for the year ended June 30, 2020

	Emergency assistance	Management and general	Fundraising	Total
Expenses				
Audit charges	$ 5,925	$ 5,925	$ -	$ 11,850
Bank charges	452	151	6,039	6,642
Bookkeeping	4,267	4,268	-	8,535
Community outreach	120	225	30,640	30,985
Computer-related expense	9,777	3,400	-	13,177
Conferences and meetings	152	524	4,009	4,685
Dues and subscriptions	4,175	2,633	4,102	10,910
Emergency assistance	2,439,085	-	-	2,439,085
Employee benefits	4,976	3,128	6,114	14,218
Fundraising	-	-	42,370	42,370
Insurance	1,779	1,779	-	3,558
Legal	914	-	-	914
Office rent	1,300	1,300	1,300	3,900
Office supplies and services	1,981	4,090	2,170	8,241
Payroll taxes	6,585	4,139	8,090	18,814
Postage and freight	1,069	519	5,451	7,039
Printing	2,445	341	13,544	16,330
Salaries	91,898	57,416	117,557	266,871
Staff training	367	585	1,389	2,341
Telephone	4,175	1,789	-	5,964
Website	-	252	-	252
Total expenses by function	$ 2,581,442	$ 92,464	$ 242,775	$ 2,916,681

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Arlington Thrive

Statements of Cash Flows
for the years ended June 30,

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 1,010,480	$ 344,061
Adjustments to reconcile change in net assets to cash from operating activities		
Accrued interest on certificates of deposit	-	(3,535)
Depreciation expense	128	-
SBA Paycheck Protection Program forgiveness	(35,000)	-
Unrealized and realized gain on investments	(100,551)	(3,361)
(Increase) decrease in operating assets		
Contributions receivable	(68,810)	32,825
Prepaid expenses	(12,723)	(231)
Increase (decrease) in operating liabilities		
Accounts payable	36,881	2,183
Accrued expenses	7,516	13,625
Refundable advance	(148,444)	175,165
Net cash provided by operating activities	689,477	560,732
Cash flows from investing activities		
Purchase of investments and reinvestments	(991,787)	(14,555)
Purchase of property and equipment	(7,484)	-
Proceeds from redemption of certificates of deposit	188,175	-
Proceeds from sale of investments	821,156	40,000
Net cash provided by investing activities	10,060	25,445
Cash flows from financing activities		
Proceeds from SBA Paycheck Protection Program loan	-	35,000
Net cash provided by financing activities	-	35,000
Net change in cash and cash equivalents and restricted cash	699,537	621,177
Cash and cash equivalents and restricted cash, beginning of year	894,555	273,378
Cash and cash equivalents and restricted cash, end of year	$ 1,594,092	$ 894,555
Supplemental cash flow information		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

The accompanying independent auditor's report and notes are an integral part of the financial statements.

1. Organization and purpose

Arlington Thrive (the Organization) is a nonprofit organization incorporated in 1975 to provide emergency financial help to residents of Arlington, Virginia. Arlington Thrive makes grants for rent, utility bills, medical and dental bills, prescriptions, and transportation.

Arlington Thrive's main sources of revenue include funding from Arlington County and contributions from individuals, churches, businesses, and foundations.

2. Significant accounting policies

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of restrictions imposed by donors or grantors. Accordingly, net assets and changes therein are classified and reported in two categories as described below.

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are net assets subject to donor-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. 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.

Revenue and support recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. A contribution is classified as with donor restriction when the donor has designated it for future use or specified an event that must transpire before it is available for use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, purpose restrictions are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other revenue is recognized when earned.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Cash and cash equivalents

For purposes of the statements of cash flows, Arlington Thrive considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Arlington Thrive maintains its cash in bank deposit accounts which, at times, may exceed Federal Deposit Insurance Corporation (FDIC) limits. FDIC insurance is $250,000 per depositor, per insured bank. Arlington Thrive has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. At June 30, 2021 and 2020, uninsured bank balances amounted to $1,439,352 and $854,924, respectively.

Restricted cash
Restricted cash consists of funds from donors with restrictions for specific types of emergency services, held in separate, interest-bearing accounts. The interest received is recorded with donor restrictions.

Property and equipment
Property and equipment is recorded at cost. Arlington Thrive's policy is to capitalize purchases of property and equipment with a cost of $1,000 or more. Depreciation is computed on a straight-line basis over the estimated useful lives of the property and equipment, generally five years to seven years.

Investments
Investments are carried at their fair market values based on publicly available market data obtained from services independent of Arlington Thrive. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor or law.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect amounts reported in future statements of activities. Management believes that the Organization's investments do not represent significant concentrations of market risk as the investment portfolios are adequately diversified among issuers.

Accrued vacation
Employees of Arlington Thrive are entitled to paid vacation depending on job classification, length of service and other factors. Upon termination, an employee is compensated for any accrued but unpaid vacation pay. Accrued vacation balances were $11,436 and $5,005 as of June 30, 2021 and 2020, respectively, and are included with accrued expenses on the accompanying statements of financial position.

Functional classification of expenses
The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses are charged to programs and supporting services based on a combination of specific identification and allocation by management. Certain categories of expenses are attributed to more than one function and have been allocated on a reasonable basis that is consistently applied. Expenses that are allocated on a time-and-effort basis include salaries, payroll taxes, and benefits. Expenses that are allocated based on management estimates of space include office rent, audit and bookkeeping charges, and insurance.

Use of estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Other financial assets and liabilities
Financial assets with carrying values approximating fair value include cash and cash equivalents, restricted cash, contributions receivable, and prepaid expenses. Financial liabilities with carrying values approximating fair value include accounts payable, accrued expenses, and refundable advance. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities.

Income taxes
Arlington Thrive is exempt from federal income tax as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. For the years ended June 30, 2021 and 2020, Arlington Thrive did not have unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these financial statements.

Arlington Thrive is subject to taxation in the U.S. and a small number of state and local jurisdictions. The material jurisdictions subject to potential examination by taxing authorities include the United States and Virginia. Management does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on Arlington Thrive's results of operations. Tax years that remain subject to examination by the IRS are the fiscal years ended June 30, 2018 through June 30, 2021.

Contributions receivable
The Organization considers the need for an allowance for uncollectible contributions receivable based on a review of contributions receivable balances and historical collection experience. For the years ended June 30, 2021 and 2020, the receivable balances were $68,810 and $-, respectively. The June 30, 2021 receivable balance consists of government grant and client reimbursements.

Recently adopted accounting pronouncements
The FASB has issued Accounting Standards Update (ASU) 2014-09 (as amended by ASU 2015-14), which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes current industry-specific guidance. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2019. The Organization adopted the standard on its effective date, which was July 1, 2020, with no effect on beginning net assets.

The FASB issued ASU 2018-13 to improve the effectiveness of disclosures about fair value measurements required under ASC 820. The Organization adopted the standard on its effective date, which for the Organization was July 1, 2020, using a retrospective approach. The adoption of the guidance did not have a material impact on the Organization's net assets or disclosures.

Upcoming accounting pronouncements
The FASB has issued ASU 2016-02, which requires lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with terms greater than 12 months. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Organization plans to adopt the standard on its effective date, which for the Organization is July 1, 2022. The Organization has not evaluated the impact of this statement.

3. Certificates of deposit

As of June 30, 2020, the Organization maintained four certificates of deposit with one bank. The interest rates on these CDs ranged from 0.65 percent to 1.74 percent. In fiscal year 2021, the certificates of deposit matured and funds were deposited into the Arlington Community Foundation.

4. Arlington County funding

According to the provisions of the agreement with Arlington County, funds received must be matched by $232,315 in private funding for both the years ended June 30, 2021 and 2020. Arlington Thrive met this requirement during both years.

5. Security deposit program

The Section 8 Security Deposit Program was initiated to assist Section 8 housing clients by providing loans for security deposits. Arlington County provides Arlington Thrive with funds to implement this program. Individuals repay the loans over a period of time through monthly payments to the County Section 8 program. For the years ended June 30, 2021 and 2020, Arlington Thrive disbursed $- and $2,150, respectively, in funding for new loans for this program. Additionally, in fiscal year 2020, Arlington County requested $15,000 to be transferred to the Permanent Supporting Housing fund. No receivable has been recorded for the years ended June 30, 2021 and 2020, as Arlington County holds the promissory notes with these individuals and pursues collection.

6. Purpose restrictions

Arlington Thrive received contributions in support of specific programs for the years ended June 30, 2021 and 2020. These contributions have been reflected in the statements of activities as purpose-restrictions contributions. To the extent those funds have been disbursed in support of these programs, amounts have been recorded as net assets released from restrictions. Funds that were received and the restrictions met in the same fiscal year are reported as net assets without donor restrictions. Any funds that have not been expended are included as net assets with donor restrictions as of June 30, 2021 and 2020. Additional expenditures to maintain these programs are provided from the net asset without donor restrictions balance.

Net assets with donor restrictions consisted of the following as of June 30, 2021:

	2020	Additions	Releases	2021
Arlington County funds				
Section 8 Security Deposits	$ 13,664	$ 2,410	$ -	$ 16,074
Arlington Thrive Fund	164,882	328,414	(188,230)	305,066
Childcare	-	200,231	(69,649)	130,582
Emergency Lodging	-	79,231	(34,470)	44,761
Emergency Medical and Dental				
Assistance Fund	795,293	109,978	(30,000)	875,271
Parks and Recreation	-	93,671	(78,417)	15,254
Permanent Supportive Housing				
Emergency Fund	16,846	52,063	(51,556)	17,353
Permanent Supportive Housing				
Maintenance Reserve	30,436	1,941	(23,092)	9,285
Risk reduction	50,806	79	(7,927)	42,958
Youth in Transition	17,391	8,019	(3,803)	21,607
Total	$ 1,089,318	$ 876,037	$ (487,144)	$ 1,478,211

Net assets with donor restrictions consisted of the following as of June 30, 2020:

	2019	Additions	Releases	2020
Arlington County funds				
Section 8 Security Deposits	$ 6,798	$ 24,016	$ (17,150)	$ 13,664
Arlington Thrive Fund	-	258,758	(93,876)	164,882
Emergency Medical and Dental				
Assistance Fund	817,377	17,916	(40,000)	795,293
Permanent Supportive Housing				
Emergency Fund	31,639	50,187	(64,980)	16,846
Permanent Supportive Housing				
Maintenance Reserve	33,133	15,065	(17,762)	30,436
Risk reduction	52,780	174	(2,148)	50,806
Youth in Transition	27,318	802	(10,729)	17,391
Total	$ 969,045	$ 366,918	$ (246,645)	$ 1,089,318

7. Board designated net assets

Arlington Thrive maintains an operating reserve fund for board designated net assets, the purpose of which is to provide an internal source of resources. The balance in the fund was $191,205 and $188,175 as of June 30, 2021 and 2020, respectively. The June 30, 2020 balance was maintained in certificates of deposit that matured in fiscal year 2021 and were deposited into the Arlington Community Foundation.

8. Endowment funds

Arlington Thrive's endowment funds consist of donor-restricted funds established by Mitchel E. Davis, MD for emergency medical and dental assistance. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
The Board of Directors of Arlington Thrive has interpreted the Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Arlington Thrive classifies its investments as donor-restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Arlington Thrive 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 Arlington Thrive and the donor-restricted endowment fund
3. General economic conditions
4. The possible effects of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of Arlington Thrive
7. The investment policies of Arlington Thrive

Return Objectives and Risk Parameters
Arlington Thrive adopted investment and spending policies and investment policies that attempt to provide a predictable stream of funding to programs supported by its endowment fund while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Arlington Thrive must hold in perpetuity as well as board-designated funds.

Strategies employed for achieving objectives
For the year ended June 30, 2020, Arlington Thrive's investments were with the balanced option with Arlington Community Foundation. The asset allocation for this pooled investment option was approximately 50 percent equities, 10 percent real estate securities, and 40 percent fixed income. The objective was to provide a balance between current income and growth of principal. This investment option was best suited for funds that desire an income stream and growth of principal through some exposure to the equity market. There was exposure to both equity market risk and interest rate risk.

For the year ended June 30, 2021, Arlington Thrive's perpetual investments were moved to a Lincoln Financial Advisors brokerage account.

Spending policy and how the investment objectives relate to spending policy
The amounts appropriated for distribution by Arlington Thrive is based on donor imposed restrictions for distribution each year up to five percent of the endowment fund's fair value. However, the endowment fund allows Arlington Thrive to use more than five percent of the value in cases of extreme financial need.

Endowment net asset composition by type of fund
The endowment net assets consisted of the following as of:

	Without donor restrictions	With donor restrictions	Total
Endowment funds as of June 30, 2021			
Donor-restricted endowment funds			
Emergency Medical and Dental Assistance Fund	$ -	$ 875,270	$ 875,270

	Without donor restrictions	With donor restrictions	Total
Endowment funds as of June 30, 2020			
Donor-restricted endowment funds			
Emergency Medical and Dental Assistance Fund	$ -	$ 795,293	$ 795,293

Changes in endowment net assets

The endowment net activity consisted of the following:

	Without donor restrictions	With donor restrictions	Total
Endowment funds as of June 30, 2019	$ -	$ 817,377	$ 817,377
Investment return			
Investment income	-	23,218	23,218
Net appreciation	-	3,361	3,361
Investment fees	-	(8,663)	(8,663)
Total investment return	-	17,916	17,916
Contributions to perpetual endowment	-	-	-
Amounts appropriated for expenditure	-	(40,000)	(40,000)
Endowment funds as of June 30, 2020	$ -	$ 795,293	$ 795,293
Investment return			
Investment income	$ -	$ 15,934	$ 15,934
Net appreciation	-	100,551	100,551
Investment fees	-	(6,508)	(6,508)
Total investment return	-	109,977	109,977
Contributions to perpetual endowment	-	-	-
Amounts appropriated for expenditure	-	(30,000)	(30,000)
Endowment funds as of June 30, 2021	$ -	$ 875,270	$ 875,270

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 Arlington Thrive to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021 and 2020.

9. Fair value measurements

Arlington Thrive classifies its investments into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Arlington Thrive’s investments as of June 30, 2021 consist of investments held at a financial institution and funds held in a community foundation, June 30, 2020 investments also included certificates of deposit. The fair value of the assets held by the financial institution are values as level 1. The fair value of the assets held by the community foundation is based on the fair value of the fund investments as reported by the community foundation. These are considered Level 3 measurements.

Assets measured at fair value on a recurring basis are summarized below as of:

June 30, 2021:	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 13,249	$ -	$ 3,250	$ 16,499
Equity			-	
Bond fund	471,799	-	93,882	565,681
Equity income	122,958	-	-	122,958
Mid cap	76,467	-	-	76,467
Growth	190,797	-	-	190,797
M/F US fixed tax	-	-	94,073	94,073
Total investments, at fair value	$ 875,270	$ -	$ 191,205	$ 1,066,475

June 30, 2020:	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ -	$ -	$ 7,953	$ 7,953
Certificates of deposit	188,175	-	-	188,175
High yield bonds	-	-	70,782	70,782
Interim-term bonds	-	-	250,517	250,517
Equity				
BM equity - core	-	-	194,050	194,050
SC equity - core	-	-	15,906	15,906
M/F equity	-	-	97,821	97,821
Real estate	-	-	79,529	79,529
M/F international equity	-	-	78,735	78,735
Total investments, at fair value	$ 188,175	$ -	$ 795,293	$ 983,468

The following table presents activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30:

	2021	2020
Beginning balance	$ 795,293	$ 817,377
Contributions	-	-
Total gains (realized/unrealized) including changes in net assets	37,337	(22,084)
Transfer into level 3	190,181	-
Transfer out of level 3	(831,606)	-
Ending balance	$ 191,205	$ 795,293

In the second quarter of fiscal year 2021, the Organization moved the endowment fund from Arlington Community Foundation into Lincoln Financial. In the third quarter of fiscal year 2021, the Organization moved funds from cashed certificates of deposit into the Arlington Community Foundation.

Investment income consisted of the following for the years ended June 30:

	2021	2020
Realized and unrealized gains	$ 100,551	$ 3,361
Interest and dividend income	22,274	27,791
Fees	(6,509)	(8,663)
	$ 116,316	$ 22,489

10. Property and equipment

A summary of information relative to property and equipment as of June 30, 2021 and 2020 is as follows:

	2021	2020	Useful life
Computer equipment	$ 7,484	$ -	5 - 7 years
Filing cabinet	1,591	1,591	7 years
Accumulated depreciation	(1,719)	(1,591)	
	$ 7,356	$ -	

Depreciation expense of $128 was reported on the statement of functional expenses for the year ended June 30, 2021.

11. Concentrations

Arlington County funds accounted for 82 percent and 67 percent of revenue for the years ended June 30, 2021 and 2020, respectively.

12. Liquidity and availability

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

	2021	2020
Cash and cash equivalents	$ 1,594,092	$ 894,555
Contributions receivable	68,810	-
Certificates of deposit	-	188,175
Investments	1,066,475	795,293
Financial assets, at year end	2,729,377	1,878,023
Less amounts unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	(1,478,211)	(1,089,318)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,251,166	$ 788,705

As a part of its liquidity management plan, the Organization strives to maintain 90 days' worth of expenses as a reserve.

13. Risks and uncertainties

In March 2020, the World Health Organization declared COVID-19 a global pandemic. As a result of the continued spread of the COVID-19 coronavirus, economic uncertainties along with disruptions to supply chains are affecting production and sales across a range of industries. During fiscal year 2020 and 2021, Arlington Thrive received significant funding to help meet the emergency needs of Arlington County residents.

14. Restricted cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts show in the statement of cash flows.

	2021	2020
Cash and cash equivalents	$ 457,392	$ 439,815
Restricted cash	1,136,700	454,740
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 1,594,092	$ 894,555

15. Commitments

Arlington Thrive maintains an operating lease for office space with a church in Arlington. The agreement began March 1, 2011 and continues until terminated by either party. Base rental payments increased from $300 to $700 per month, as additional office space was needed. Rental expense was $8,143 and $3,900 for the years ended June 30, 2021 and 2020, respectively.

16. Subsequent events

Arlington Thrive assessed events occurring subsequent to June 30, 2021 through January 14, 2022, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.