

PACIFIC JUSTICE INSTITUTE
(A California Nonprofit Corporation)

FINANCIAL STATEMENTS

MAY 31, 2020

(with comparative financial information for the year ended May 31, 2019)

(With Independent Auditors' Report Thereon)

PACIFIC JUSTICE INSTITUTE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pacific Justice Institute
Sacramento, California

We have audited the accompanying financial statements of Pacific Justice Institute (Institute), which comprise the statement of financial position as of May 31, 2020 and the related statement of activities, statement of functional expenses and statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on my 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 audits 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 Pacific Justice Institute, as of May 31, 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.

Other Matters

Adjustments to Prior Period Financial Statements

As described in Note (11); during the year ended May 31, 2020 management discovered that the Investment in LLC (Limited Liability Company) and Net Assets in the May 31, 2019 financial statements were both overstated by \$100,000. As a result, the Institute has restated the accompanying financial statements as of and for the year ended May 31, 2019 to correctly state the Investment in LLC and the Net Assets for that year. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Institute's May 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived, taking into consideration the prior period adjustment noted above.

KPM Accounting & Management Solutions

KPM Accounting & Management Solutions

San Francisco, California

October 2, 2020

PACIFIC JUSTICE INSTITUTE
(A California Nonprofit Corporation)
STATEMENT OF FINANCIAL POSITION
MAY 31, 2020
(with comparative financial information as of May 31, 2019)

ASSETS

	2020	2019
Current Assets:		
Cash and cash equivalents	\$ 868,308	\$ 1,011,730
Investments (Note 6)	300,098	99,734
Prepaid expenses	27,164	20,348
Total Current Assets	1,195,570	1,131,812
Noncurrent Assets:		
Investment in Limited Liability Company (Note 3)	55,431	296,000
Furniture, equipment and automobiles, net (Note 4)	2,146	2,301
Asset held for deferred compensation (Note 5)	135,082	41,066
Split-dollar life insurance note receivable - related party (Note 9)	750,000	700,000
Total Noncurrent Assets	942,659	1,039,367
Total Assets	\$ 2,138,229	\$ 2,171,179

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	\$ 135,558	\$ 137,374
PPP loan payable (Note 10)	159,000	-
Total current liabilities	294,558	137,374
Net Assets:		
Without donor restrictions	1,843,671	2,033,805
Total Liabilities and Net Assets	\$ 2,138,229	\$ 2,171,179

See accompanying notes to financial statements.

PACIFIC JUSTICE INSTITUTE
(A California Nonprofit Corporation)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MAY 31, 2020
(with comparative financial information as of May 31, 2019)

	Without Donor Restrictions	
	2020	2019
Support and revenues:		
Contributions	\$ 2,650,851	\$ 2,690,066
Donated facilities (Note 12)	78,357	102,547
Donated services (Note 12)	525,000	525,000
Special event income	90,458	231,576
Special event expenses	(158,310)	(188,095)
Investment income - net	12,934	4,167
Investment in LLC - loss	(190,569)	-
Miscellaneous income	4,609	257
Total support and revenues	3,013,330	3,365,518
Expenses:		
Program services:		
Legal services and outreach program	2,817,032	2,292,105
Support services:		
Management and general	272,906	283,397
Fundraising	113,526	117,037
Total support services	386,432	400,434
Total expenses	3,203,464	2,692,539
Change in net assets	(190,134)	672,979
Prior period adjustment (Note 11)	-	(100,000)
Change in net assets after prior period adjustment	(190,134)	572,979
Net assets, beginning of year	2,033,805	1,460,826
Net assets, end of year	\$ 1,843,671	\$ 2,033,805

See accompanying notes to financial statements.

PACIFIC JUSTICE INSTITUTE
(A California Nonprofit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2020
(with summarized comparative financial information as of May 31, 2019)

	Legal Services and Outreach Program				
	Management and General	Fundraising	2020 Totals	2019 Totals	
Salaries and wages	\$ 783,258	\$ 133,727	\$ 38,208	\$ 955,193	\$ 884,680
Payroll taxes	31,833	21,780	2,234	55,847	50,142
Employee benefits	52,166	10,432	2,609	65,207	48,811
Total Personnel	867,257	165,939	43,051	1,076,247	983,633
Legal services	586,091	-	-	586,091	578,721
Occupancy	64,253	14,104	-	78,357	102,547
Printing and publications	62,959	17,249	6,037	86,245	90,684
Travel	48,167	3,440	17,203	68,810	61,463
Professional fees	20,683	3,209	11,768	35,660	46,893
Postage	26,275	2,203	2,990	31,468	25,461
Telephone	4,024	8,182	1,207	13,413	18,347
Insurance	4,769	13,924	381	19,074	20,321
Conferences and seminars	9,305	-	2,326	11,631	8,824
Membership dues and subscriptions	14,874	6,683	-	21,557	17,874
Computer and computer supplies	246	201	-	447	3,315
Bank fees	2,640	18,258	1,100	21,998	13,365
Office supplies	4,549	748	936	6,233	5,197
Advertising	39,159	5,292	8,467	52,918	8,895
Contribution to PJI Foundation, LLC	-	-	-	-	530,567
Grants to organizations	1,003,806	-	-	1,003,806	52,990
Meal	7,540	1,206	1,307	10,053	7,881
Depreciation	102	31	22	155	7,395
Media studio expenses	12,329	-	5,801	18,130	11,941
Utilities	4,368	1,335	364	6,067	3,835
Intern	937	5,478	791	7,206	2,022
Advisory Board Meeting	2,116	1,234	176	3,526	28,265
Shipping	1,497	1,257	239	2,993	4,571
Gifts	-	573	469	1,042	1,656
Copy and fax services	2,551	408	442	3,401	3,654
Miscellaneous	1,542	1,909	220	3,671	7,918
Web consulting and internet	24,531	-	8,177	32,708	43,817
Tax	125	-	-	125	-
Interest	-	-	-	-	402
Video/audio equipment	337	43	52	432	85
Total expenses	\$ 2,817,032	\$ 272,906	\$ 113,526	\$ 3,203,464	2,692,539

See accompanying notes to financial statements

PACIFIC JUSTICE INSTITUTE
(A California Nonprofit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2020
(with comparative financial information as of May 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (190,134)	\$ 572,979
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	155	7,395
Dividends and interest received on investments	(6,139)	(1,397)
Net realized and unrealized gain on investments	3,906	345
Investment in LLC - capital contribution	-	(396,000)
Investment in LLC - charitable contributions	87,605	100,000
Investment in LLC - distributions to PJI	150,000	-
Investment in LLC - interest income	(1,045)	-
Net ordinary loss on investment in LLC	4,009	-
(Increase) decrease in assets:		
Prepaid expenses	(6,816)	(16,603)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,816)	(8,509)
Net cash provided by operating activities	<u>39,725</u>	<u>258,210</u>
Cash flows from investing activities:		
Purchase investments	(198,132)	(9,987)
Increase in split-dollar life insurance note receivable	(50,000)	-
Purchase asset held for deferred compensation	(94,016)	(41,066)
Net cash (used in) investing activities	<u>(342,148)</u>	<u>(51,053)</u>
Cash flows from financing activities:		
Proceeds from PPP Loan	<u>159,000</u>	<u>(9,050)</u>
Net cash provided by / (used in) financing activities	<u>159,000</u>	<u>(9,050)</u>
Net (decrease) / increase in cash and cash equivalents	(143,423)	198,107
Cash and cash equivalents, beginning of year	<u>1,011,730</u>	<u>813,623</u>
Cash and cash equivalents, end of year	<u>\$ 868,307</u>	<u>\$ 1,011,730</u>

See accompanying notes to financial statements.

PACIFIC JUSTICE INSTITUTE
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020

(with comparative financial information as of May 31, 2019)

(1) ORGANIZATION AND NATURE OF ACTIVITIES

(a) Organization and nature of activities

Pacific Justice Institute (the Institute), a nonprofit corporation, is organized under the laws of the State of California for the purpose of providing legal assistance, education and seminars on Constitutional issues. The Institute is supported primarily through contributions.

Programs

The legal services and outreach program provide specific assistance to individuals and corporations with an interest in Constitutional issues. These services are provided free of charge. The Institute has created video outreach products and conducts educational seminars to increase public awareness about current cases and issues as they arise.

(2) SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

(b) Basis of Presentation

The Institute's net assets and changes thereto are classified and reported as follows:

- Net assets without donor restrictions – consists of amounts that are available for use in carrying out the supporting activities of the Institute and are not subject to donor-imposed stipulations.
- Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Institute and/or passage of time. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Institute had no net assets with donor restrictions as of May 31, 2020 and 2019.

(c) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Institute considers all highly liquid investments available for current use with an initial maturity of 90 days or less to be cash equivalents. Cash and cash equivalents include cash in banks, cash reserves and money market accounts in a brokerage house.

PACIFIC JUSTICE INSTITUTE
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

(with comparative financial information as of May 31, 2019)

(2) SIGNIFICANT ACCOUNTING POLICIES – continued

(d) Furniture, Equipment and Automobiles

Furniture, equipment and automobiles are stated at cost or, if donated, at estimated fair value on the date of the gift. The Institute capitalizes assets with a cost greater than \$1,000 and a life expectancy of more than one year. Maintenance and repair costs are expensed as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which are as follows:

Computer equipment	3 years
Automobile and video equipment	5 years
Office equipment and furniture	7 years

Depreciation expense charged to operations was \$155 and \$7,395 for the years ended May 31, 2020 and 2019, respectively.

(e) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Institute.

(f) Fair Value

The Institute utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The carrying value of the Company's cash, accounts receivable, accounts payable, and line of credit approximated fair value as of May 31, 2020 and 2019.

PACIFIC JUSTICE INSTITUTE
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020

(with comparative financial information as of May 31, 2019)

(2) SIGNIFICANT ACCOUNTING POLICIES – continued

(g) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(h) Income Taxes

The Institute is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively.

(i) Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

(3) INVESTMENT IN LIMITED LIABILITY COMPANY

In December 2018 the Institute received a contribution in the amount of \$396,000 for a ninety-nine percent (99%) interest in a limited liability company (LLC). The LLC was created in 2018 to hold and manage investment assets only. Only investment income can be created and reported to the Institute on a year-end K-1. If the manager of the LLC chooses to make a distribution to the owners, the Institute will be entitled to 99% of the distribution. The LLC term is for 40 years. Upon liquidation of the LLC, the Institute will receive 99% of the liquidation value. The ownership units are freely transferrable by the Institute without restriction. All reportable income and investment income will be recorded in the Institute's Statement of Activities at year-end. The LLC dispersed \$87,605 in contributions, had an ordinary loss of \$4,009, interest income of \$1,045 and a \$150,000 distribution for the year ended May 31, 2020. The LLC dispersed \$100,000 in contributions for the year ended May 31, 2019. The balance of the Investment in LLC was \$55,431 and \$296,000 for the years ended May 31, 2020 and 2019, respectively.

(4) FURNITURE, EQUIPMENT AND AUTOMOBILES

Furniture, equipment and automobiles at May 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Computer and video equipment	\$ 33,309	\$ 33,309
Automobile	63,422	63,422
Office equipment and furniture	26,900	26,900
Sub-total	<u>123,631</u>	<u>123,631</u>
Less: accumulated depreciation	<u>(121,485)</u>	<u>(121,330)</u>
Furniture, equipment and automobiles, net	<u>\$ 2,146</u>	<u>\$ 2,301</u>

PACIFIC JUSTICE INSTITUTE
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

(with comparative financial information as of May 31, 2019)

(5) ASSET HELD FOR DEFERRED COMPENSATION

In 2019 management purchased a Section 457(f) deferred compensation plan with TD Ameritrade to go along with a plan purchased in 2018 with Ignite Funding. The plans are for an executive employee. The Ignite Funding plan was setup with an initial investment of \$42,000. Ignite Funding provides investors with a way to diversify their investment portfolio in Deeds of Trust. A Trust Deed Investment is a Promissory Note secured by a Deed of Trust recorded on real property. The Borrower executes the Promissory Note payable to the Investor (the Institute) with the intent to pay the Institute a certain interest rate on the loaned money, plus repay the principal amount within a specified timeframe. The Institute is recorded as a beneficiary to the property in the event the Borrower defaults on their loan obligation and loses its claim to the property through foreclosure. Principal and interest payments earned by the investor are transferred to the TD Ameritrade Section 457(f) upon receipt.

The Ignite Funding Section 457(f) plan will fully vest in ten years (2028) at which time the executive employee will receive the original deposit plus interest earned. If the employee leaves before 2028 he will receive nothing. As of May 31, 2019, and 2018, the combined asset balance of the Ignite Funding and Ameritrade 457(f) is \$135,082 and \$41,066, respectively.

(6) INVESTMENTS - FAIR VALUE OF FINANCIAL INSTRUMENTS (ASC 820)

Below are the Company's financial instruments carried at fair value on a recurring basis by ASC 820 fair value hierarchy levels:

Marketable Securities	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
May 31, 2020	\$ 300,098	\$ -	\$ -	\$ 300,098
May 31, 2019	\$ 99,734	\$ -	\$ -	\$ 99,734

The marketable securities held by the Institute are classified as trading securities. Any gain or loss due to changes in fair market value are reported on the income statement. For the years ended May 31, 2020 and 2019, the Institute recorded net realized and unrealized losses of 3,906 and 345, and \$6,139 and \$1,397 in dividends, respectively.

(7) RELATED-PARTY TRANSACTION

In June 2018 the Institute formed a nonprofit limited liability Company (LLC) called the Pacific Justice Foundation, LLC (Foundation). The Foundation is a subsidiary of the Institute and was formed under the Virginia Limited Liability Company Act provisions of Chapter 12 of Title 13.1 of the Code of Virginia. It is organized for religious, charitable, and educational purposes including but not limited to helping fund the religious, charitable, and educational purposes of its sole member, the Institute. The Institute contributed \$1,003,806 and \$530,567 to the Foundation for the years ended May 31, 2020 and 2019, respectively.

PACIFIC JUSTICE INSTITUTE
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020
(with comparative financial information as of May 31, 2019)

(8) AVAILABILITY AND LIQUIDITY

The following represent Pacific Justice Institute’s financial assets at May 31, 2020 and 2019:

	2019	2018
Financial assets available to be used within one year:		
Cash and cash equivalents	\$ 868,308	\$ 1,011,730
Less amounts not available to be used within one year:		
Restricted cash	(3,820)	(3,820)
Financial assets available to meet general expenditures over the next twelve months.	\$ 864,488	\$ 1,007,910

The Institute’s goal is generally to maintain financial assets, which consist of cash and cash equivalents on hand to meet 6 months of normal operating expenses, which are, on average around, \$843,816. The remainder can be invested into regular portfolio investments as approved by the Board of Directors. This is discussed regularly in the Board Meetings and requires a vote to transfer funds. In the event of an unanticipated liquidity need, the Board can make a request for a grant from other non-profits with similar goals or the Institute can borrow against the \$750,000 split-dollar loan or call the proceeds from the loan back.

(9) SPLIT-DOLLAR LIFE INSURANCE NOTE RECEIVABLE – RELATED PARTY

On February 23, 2018, the Institute entered into a Split-Dollar loan agreement and a Non-Recourse revolving promissory note to fund life insurance payments for the founder of the Institute. The agreement designates the Founder as the owner of the policy and calls for the Institute to pay all premiums on the policy. The Founder as the owner of the policy has sole control over the listed beneficiaries. The loan is subject to a collateral assignment which provides security for the Founder’s indebtedness to the Institute arising out of the Premium Advances (“the Liability”). The Liability shall equal the sum of all Premium Advances. The Collateral Assignment shall give the Institute the right to collect an amount equal to the Liability as follows:

- Out of the proceeds of the Contract upon the death of the founder, or
- From the cash value of the Contract in the event that the Contract lapses, or the Contract is surrendered or cancelled before the death of the Founder.

The Note has no interest and the principal balance on the Note is due and payable by the Founder upon demand of the Institute or upon the earlier occurring death of the Founder. For the year ended May 31, 2020 the Institute has paid \$750,000 which includes the \$700,0000 “Initial Premium” plus an “Additional Premium” payment of \$50,000. The Institute will continue to make additional premium payments according the schedule below.

Additional Premiums	Payment Date
\$50,000	March 3, 2021
\$50,000	March 3, 2022
\$50,000	March 3, 2023
\$50,000	March 3, 2024

PACIFIC JUSTICE INSTITUTE
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NOTES TO FINANCIAL STATEMENTS

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(with comparative financial information as of May 31, 2019)

(9) SPLIT-DOLLAR LIFE INSURANCE NOTE RECEIVABLE – RELATED PARTY-continued

The Institute and the Founder agree and acknowledge that it is reasonable to expect, that the Premium Advances made under the agreement will be paid in full, and to make and file written representations in the manner prescribed by Treasury Regulation Section 1.7872-15(d)(2).

(10) PAYCHECK PROTECTION PROGRAM LOAN (PPP LOAN)

On April 8, 2020 the Institute applied for and received \$159,000 from the Paycheck Protection Program (PPP). The loan consisted of approximately \$154,000 (97%) for payroll costs and \$5,000 (3%) for utilities. The Institute has not completed an application for forgiveness of the loan as of May 31, 2020.

Initially, the loan forgiveness applications were due eight weeks from the loan funding date. The loan forgiveness application date has been changed as follows:

- The Covered Period is either the 24-week (168-day) period beginning on the PPP loan disbursement date, or
- If the borrower received its PPP loan before June 5, 2020, the borrower may elect to use an eight-week (56-day) Covered Period. In no event may the Covered Period extend beyond December 31, 2020.

The Institute has elected the 168-day period beginning on the PPP loan disbursement date. The Institute's application for forgiveness is due on September 23, 2020. Management has no reason to believe that the loan will not be forgiven.

(11) PRIOR PERIOD ADJUSTMENT

The Investment in LLC (Limited Liability Company) and Net Assets were both overstated in the Institute's financial statements for the year-ended May 31, 2019 due to a \$100,000 contribution that was erroneously recorded as an Institute contribution rather than a deduction in the Investment account.

Financial statement effect of prior period adjustment as follows:

Investment in LLC – previously reported - 5/31/2019	\$ 396,000
Adjustment for understated Investment in LLC	(100,000)
Investment in LLC – properly stated – 5/31/2019	\$ 296,000
 Change in net assets – previously reported – 5/31/2019	 \$ 672,979
Adjustment for overstated contributions	(100,000)
Change in net assets – properly stated – 5/31/2019	\$ 572,979
 Net assets – beginning of year – 5/31/2019	 \$ 1,460,826
Change in net assets – properly stated	572,979
Net assets – end of year – 5/31/2019, as restated	\$ 2,033,805

PACIFIC JUSTICE INSTITUTE
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020
(with comparative financial information as of May 31, 2019)

(12) DONATED SERVICES AND FACILITIES

During the years ended May 31, 2020 and 2019, the Institute received the benefit of contributed office facilities and professional legal services which is reflected in the accompanying Statement of Activities and Changes in Net Assets. The Institute has estimated the approximate fair value of the annual rent to be \$78,357 and \$102,547 for the years ended May 31, 2020 and 2019, respectively. The legal services for each year ending May 31, 2020 and 2019 were estimated at \$525,000.

(13) SUBSEQUENT EVENTS

The Institute has evaluated subsequent events through October 2, 2020 the date which the financial statements were available to be issued. No subsequent events were identified that required accrual or disclosure in the financial statements.