Delta Institute and Affiliates

Consolidated Financial Report

June 30, 2021

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plante moran

Plante & Moran, PLLC
Suite 900
200 N. Martingale Rd.
Schaumburg, IL 60173-2044
Tel: 847.697.6161
Fax: 847.697.6176
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Delta Institute and Affiliates

We have audited the accompanying consolidated financial statements of Delta Institute and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021 and 2020 and the related consolidated statements of activities and changes in net assets (deficiency in net assets), functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our 2021 audit in accordance with auditing standards generally accepted in the United States of America. We conducted our 2020 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delta Institute and Affiliates as of June 30, 2021 and 2020 and the changes in their net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Delta Institute and Affiliates

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

February 4, 2022

Consolidated Statement of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 1,431,774	$ 571,355
Receivables:		
Accounts receivable	135,987	240,778
Grants receivable	371,273	521,234
Total receivables	507,260	762,012
Prepaid expenses and other current assets	-	160,746
Total current assets	1,939,034	1,494,113
Property and Equipment - Net (Note 6)	29,094	46,210
Beneficial Interest in Trust (Note 13)	6,262,101	5,327,805
Total assets	**$ 8,230,229**	**$ 6,868,128**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 117,437	$ 144,500
Contract liabilities	53,025	-
Accrued liabilities	210,533	194,306
Current portion of long-term debt (Note 10)	503,264	500,000
Paycheck Protection Program loan (Note 11)	427,972	427,972
Total current liabilities	1,312,231	1,266,778
Long-term Liabilities		
Paycheck Protection Program loan (Note 11)	207,242	-
Revolving loan fund - Cook County, Illinois	174,299	174,299
Long-term debt (Note 10)	146,736	-
Total liabilities	1,840,508	1,441,077
Net Assets		
Without donor restrictions	(471,079)	(514,574)
With donor restrictions (Note 7)	6,860,800	5,941,625
Total net assets	6,389,721	5,427,051
Total liabilities and net assets	**$ 8,230,229**	**$ 6,868,128**

See notes to consolidated financial statements.

Consolidated Statement of Activities and Changes in Net Assets (Deficiency in Net Assets)

Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions	$ 171,988	$ 442,500	$ 614,488	$ 449,927	$ 729,000	$ 1,178,927
Government grants	764,800	-	764,800	945,941	-	945,941
Contract fees	249,317	-	249,317	464,382	-	464,382
Interest and other income	31	-	31	43,491	-	43,491
Investment income from beneficial interest in trust	219,205	-	219,205	218,420	-	218,420
Change in fair value of beneficial interest in trust	-	1,464,296	1,464,296	-	(204,851)	(204,851)
Total revenue and support	1,405,341	1,906,796	3,312,137	2,122,161	524,149	2,646,310
Net Assets Released from Restrictions	987,621	(987,621)	-	960,978	(960,978)	-
Total revenue, support, and net assets released from restrictions	2,392,962	919,175	3,312,137	3,083,139	(436,829)	2,646,310
Expenses						
Program services	1,695,721	-	1,695,721	2,247,362	-	2,247,362
Support services:						
General and administrative	454,149	-	454,149	618,775	-	618,775
Fundraising	199,597	-	199,597	245,652	-	245,652
Total expenses	2,349,467	-	2,349,467	3,111,789	-	3,111,789
Increase (Decrease) in Net Assets	43,495	919,175	962,670	(28,650)	(436,829)	(465,479)
Net Assets (Deficiency in Net Assets) - Beginning of year	(514,574)	5,941,625	5,427,051	(485,924)	6,378,454	5,892,530
Net Assets (Deficiency in Net Assets) - End of year	**$ (471,079)**	**$ 6,860,800**	**$ 6,389,721**	**$ (514,574)**	**$ 5,941,625**	**$ 5,427,051**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services	Support Services: General and Administrative	Support Services: Fundraising	Support Services: Total	Total
Salaries	$ 597,675	$ 259,323	$ 131,116	$ 390,439	$ 988,114
Payroll taxes and benefits	118,120	51,251	25,913	77,164	195,284
Total salaries and related expenses	715,795	310,574	157,029	467,603	1,183,398
Rent and utilities	105,980	45,983	23,250	69,233	175,213
Information technology	45,621	19,795	10,008	29,803	75,424
Equipment	3,059	1,327	671	1,998	5,057
Depreciation	10,353	4,492	2,271	6,763	17,116
Organizational insurance	4,433	1,923	973	2,896	7,329
Communications	-	-	176	176	176
Office expenses	8,120	3,523	1,781	5,304	13,424
Legal/Accounting	-	60,208	-	60,208	60,208
Meetings/Conferences	968	420	453	873	1,841
Travel	1,353	587	297	884	2,237
Bank and other fees	1,973	856	433	1,289	3,262
Miscellaneous	15,066	4,461	2,255	6,716	21,782
Contractor fees and other project expenses	783,000	-	-	-	783,000
Total functional expenses	**$ 1,695,721**	**$ 454,149**	**$ 199,597**	**$ 653,746**	**$ 2,349,467**

See notes to consolidated financial statements.

Delta Institute and Affiliates

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services	Support Services: General and Administrative	Support Services: Fundraising	Support Services: Total	Total
Salaries	$ 718,624	$ 326,324	$ 135,613	$ 461,937	$ 1,180,561
Payroll taxes and benefits	120,575	54,753	22,754	77,507	198,082
Total salaries and related expenses	839,199	381,077	158,367	539,444	1,378,643
Consultants	17,359	-	-	-	17,359
Rent and utilities	103,922	47,191	19,611	66,802	170,724
Information technology	43,390	19,577	16,346	35,923	79,313
Equipment	9,689	4,400	1,828	6,228	15,917
Depreciation	12,842	6,139	2,551	8,690	21,532
Organizational insurance	12,216	5,547	2,305	7,852	20,068
Communications	-	-	18,022	18,022	18,022
Office expenses	7,327	3,280	3,022	6,302	13,629
Legal/Accounting	-	45,692	-	45,692	45,692
Meetings/Conferences	4,233	1,886	2,288	4,174	8,407
Travel	10,739	4,210	3,707	7,917	18,656
Training	6,644	3,017	1,254	4,271	10,915
Bank and other fees	5,167	2,339	972	3,311	8,478
Miscellaneous	45,438	63,676	15,379	79,055	124,493
Contractor fees and other project expenses	1,129,197	-	-	-	1,129,197
Bad debt expense	-	30,744	-	30,744	30,744
Total functional expenses	**$ 2,247,362**	**$ 618,775**	**$ 245,652**	**$ 864,427**	**$ 3,111,789**

Consolidated Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 962,670	$ (465,479)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents from operating activities:		
Depreciation	17,116	21,532
Change in value of beneficial interest in trust	(1,464,296)	204,851
Bad debt expense	-	30,744
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Grants and miscellaneous receivables	254,752	(3,546)
Note receivable	-	105,917
Prepaid expenses and other current assets	160,746	(58,445)
Accounts payable and accrued liabilities	(10,836)	(233,091)
Contract liabilities	53,025	-
Net cash and cash equivalents used in operating activities	(26,823)	(397,517)
Cash Flows from Investing Activities		
Proceeds from disposition of property and equipment	-	2,394
Distribution from beneficial interest in trust	530,000	-
Net cash and cash equivalents provided by investing activities	530,000	2,394
Cash Flows Provided by Financing Activities - Proceeds from debt	357,242	427,972
Net Increase in Cash and Cash Equivalents	860,419	32,849
Cash and Cash Equivalents - Beginning of year	571,355	538,506
Cash and Cash Equivalents - End of year	**$ 1,431,774**	**$ 571,355**

See notes to consolidated financial statements.

Note 1 - Nature of Business

Delta Institute (Delta) is chartered as an Illinois not-for-profit corporation and began operations on July 1, 1998. Delta collaborates with communities to solve complex environmental challenges across the Midwest.

Delta Redevelopment Institute (REDI) is chartered as an Illinois not-for-profit corporation and began operations in December 1998. REDI facilitates brownfield redevelopment in the metropolitan Chicago area by addressing predevelopment barriers.

The Delta P2E2 Center, LLC (P2/E2) is a single-member limited liability company formed by Delta in 2004 to provide technical assistance and financing to support the implementation of pollution prevention and energy efficiency measures.

The Delta Revere Program, LLC (Revere) is a single-member limited liability company formed by Delta on June 1, 2005 to act as the Designated Lender under the Revere Community Affordable Housing Grant Program Agreement dated May 12, 2005 by and between Delta and the Comer Science and Education Foundation (Comer). Loans are made to eligible homebuyers to induce development of affordable housing and to combat community deterioration in the neighborhood and community surrounding the Revere school in Chicago, Illinois.

Note 2 - Significant Accounting Policies

Principles of Consolidation

Through June 30, 2021, Delta had economic interest in and exercises control over the activities of REDI. Delta owns 100 percent of P2/E2 and Revere. Accordingly, the consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. All significant intercompany accounts and transactions have been eliminated as of and for the years ended June 30, 2021 and 2020. The consolidated entity is referred to as the "Organization."

Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Receivables

Receivables are valued at management's estimate of the amount that will ultimately be collected. An allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Organization's historical collection experience. No allowance was deemed necessary at June 30, 2021 and 2020.

Beneficial Interest in Trust

The Organization has funds held by Chicago Community Trust from which income is received based on the Organization's share. The interest in the trust is stated at the estimated fair value based on the percentage of the trust designated to the Organization applied to the total fair value of the trust, which is based primarily on quoted market prices of the trust's underlying assets. The Organization's share of such trust's assets is included in the consolidated statement of financial position as beneficial interest in trust and is classified as net assets with donor restrictions, as the funds are restricted in perpetuity.

Property and Equipment

Property and equipment with an individual value in excess of $1,000 are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Estimated lives are five years for furniture and equipment and the remaining lease term for leasehold improvements. Costs of maintenance and repairs are charged to expense when incurred.

Note 2 - Significant Accounting Policies (Continued)

Paycheck Protection Program

Funding received under the Paycheck Protection Program (PPP) is from a lending institution and has the potential to be forgiven in part or in whole by the Small Business Administration (SBA). The proceeds from the loan, therefore, remain recorded as a liability until either (1) the loan is, in part or in whole, forgiven and the Organization has been legally released or (2) the Organization pays off the loan to the creditor. Once the loan is, in part or in whole, forgiven and the legal release is received, the liability is reduced by the amount forgiven, and a gain on extinguishment is recorded.

As such, the total proceeds received from the loan are recorded as a liability on the consolidated statement of financial position and included in proceeds received from financing activities in the consolidated statement of cash flows as of June 30, 2021. See Note 11 for additional information on the terms and conditions of the PPP agreement.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets (deficiency in net assets) as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the contributions are received are reported as contributions without donor restrictions in the accompanying consolidated financial statements.

Government Grants

Grant revenue received for grants is considered a nonexchange transaction and is recognized as the conditions of the grants have been met. As of June 30, 2021 and 2020, the Organization is eligible to receive and recognize $614,488 and $1,065,086, respectively, of these conditional contributions upon the occurrence of future qualifying expenses. Grant funding received in advance of conditions being met is recorded as refundable advances.

Note 2 - Significant Accounting Policies (Continued)

Contract Fees

The Organization derives contract fees from management and consulting service contracts with customers. The nature of the Organization's promise in exchange for contract fees is to provide management and environmental consulting. Revenue is recognized ratably over time as services are provided to the customers or as labor hours are incurred. When the Organization has the right to consideration in an amount that directly corresponds to the value received to date by the customer, management has adopted the practical expedient in Accounting Standards Codification (ASC) 606-10-55-18 to recognize revenue in the amount to which the Organization has a right to invoice.

Invoices are generally due within 30 days after an invoice is sent to a customer. At times, the Organization may collect cash prior to the satisfaction of the performance obligation, which results in the Organization recognizing a contract liability.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of functional expenses. Expenses are charged to program services and support services on an actual basis when available. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of time and effort. Expenses deemed to be indirect to employee work, such as professional services, are considered to be management and general expenses. Other expenses utilized by all employees, such as occupancy, utilities, and supplies, are also allocated on the basis of time and effort. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Federal Income Taxes

Delta and REDI are exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. P2/E2 and Revere are disregarded for tax purposes and are included in Delta's tax return. Delta and REDI have both been classified as other than private foundations by the Internal Revenue Service.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

In response to the pandemic declaration, the Organization closed its office at the end of business on Friday, March 13, 2020. As of the issue date of these consolidated financial statements, the Organization has reopened with limited capacity. COVID-19 delayed the timing of some projects and programs, which continued in fiscal year 2021. Revenue for these projects and programs was recognized in fiscal year 2021.

Note 2 - Significant Accounting Policies (Continued)

No impairments were recorded as of the consolidated statement of financial position date; however, due to uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Organization's future results of operations, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including February 4, 2022, which is the date the consolidated financial statements were available to be issued.

Adoption of New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which superseded the previous revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Organization adopted the ASU effective July 1, 2020. The Organization used the modified retrospective approach when applying these changes. The adoption of the ASU did not result in any restatement to net assets or changes in net assets.

Upcoming Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the consolidated statements of activities and changes in net assets (deficiency in net assets) and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have an effect on the Organization's consolidated financial statements as a result of the lease for its office space, which is classified as an operating lease. The Organization is currently determining the quantitative effect of applying the new lease guidance on the consolidated financial statements.

Note 3 - Liquidity and Availability of Resources

The Organization has $1,939,034 and $1,333,367 of financial assets available within one year of June 30, 2021 and 2020 to meet cash needs for general expenditure consisting of cash and cash equivalents of $1,431,774 and $571,355 and grants and miscellaneous receivables of $507,260 and $762,012, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date, as the donor purpose restrictions are expected to be released within one year. The receivables are subject to implied time restrictions but are expected to be collected within one year.

The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately $225,000 and $260,000 at June 30, 2021 and 2020, respectively. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3 - Liquidity and Availability of Resources (Continued)

The Organization has a committed line of credit in the amount of $250,000 at June 30, 2021, which it could draw upon if needed, as further described in Note 4.

Note 4 - Line of Credit

Under a line of credit agreement opened with a bank in 2021, the Organization has available borrowings of approximately $250,000. Interest is payable monthly at a rate of 1.00 percent above the prime rate (an effective rate of 4.25 percent at June 30, 2021). The line of credit is collateralized by substantially all of the Organization's assets. Under the agreement with the bank, the Organization is subject to certain covenants, including maintaining net worth of at least $5,000,000 and an annual 30-day cleanup. There were no borrowings as of June 30, 2021.

Note 5 - Equity Interest in LLC

REDI owns a 99.999 percent interest in the Great Lakes Region Sustainability Funds, LLC (GLRSF). REDI has elected not to consolidate GLRSF because, in accordance with Emerging Issue Task Force Abstract No. 96-16, *Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights*, REDI is not deemed to have a controlling financial interest in GLRSF. The minority owner has an equal say and vote over all business and financial decisions of GLRSF. Through June 30, 2010, REDI accounted for the investment in GLRSF under the equity method of accounting. Under the equity method, the original investment is recorded at cost and is adjusted periodically to recognize the investor's share of earnings or losses after the date of acquisition. At June 30, 2010, GLRSF had negative equity. Accordingly, REDI reduced its original investment of $999 to $0, at which point the use of the equity method was discontinued. Reducing the investment below $0 was not deemed appropriate, as REDI has not guaranteed the obligations of GLRSF, nor has it committed to providing financial support. GLRSF continued to have negative equity at June 30, 2021 and 2020.

A loan receivable from GLRSF amounting to $689,407 that was mirrored by a forgivable loan in the amount of $689,407 from the City of Chicago, Illinois as of June 30, 2019 was forgiven in 2020. The loan was issued as part of a lead poisoning prevention program funded through a grant from the City of Chicago, Illinois. The loan bore interest at 2.5 to 3.5 percent per annum, and payments of interest only were due monthly until its maturity in 2017. GLRSF was closed out in 2018, and all activity concluded in September 2019.

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2021	2020	Depreciable Life - Years
Machinery and equipment	$ 4,689	$ 4,689	5
Furniture and fixtures	212,895	212,895	5
Leasehold improvements	55,940	55,940	Lease term
Total cost	273,524	273,524	
Accumulated depreciation	244,430	227,314	
Net property and equipment	$ 29,094	$ 46,210	

Depreciation expense for 2021 and 2020 was $17,116 and $21,532, respectively.

Note 7 - Net Assets

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2021	2020
Subject to expenditures for a specified purpose:		
Regenerative Food Systems - Pasture	$ 122,680	$ 96,540
Resilient Communities - Knight Cities	6,201	25,399
Resilient Communities - Port	191,638	199,855
Resilient Communities - McDougal	35,650	-
Resilient Communities - Morrison	10,000	-
Resilient Communities - EMG	15,000	-
Land Stewardship - Grand Victoria Foundation	-	25,417
Land Stewardship - Walton & McKnight Foundations	53,518	181,826
Land Stewardship - Erb Foundation	156,190	84,783
Land Stewardship - Lumpkin	7,822	-
Total subject to expenditures for a specified purpose	598,699	613,820
Beneficial interest in trust	6,262,101	5,327,805
Total	$ 6,860,800	$ 5,941,625

Note 8 - Lease Commitments

Delta Office Lease

During October 2011, the Organization entered into a 12-year lease agreement for office space commencing on March 1, 2012. During March 2021, the Organization amended the lease agreement with a commencement date of July 1, 2021 for the amended terms. The amended lease has a 15-year term requiring monthly base rent payments ranging from $4,168 to $6,253 over the life of the lease. In addition to the base rent, Delta must pay its proportionate share of certain expenses and real estate taxes over the base year.

The original lease provided for rent to be abated during the first three months of the term. Generally accepted accounting principles require the rent expense paid to be recognized ratably over the lease term. Accordingly, the amount of rent expense does not coincide with cash payments. This gives rise to a deferred lease benefit liability, which is being amortized over the term of the lease. The deferred lease benefit liability at June 30, 2021 and 2020 amounted to $8,314 and $11,432, respectively, which is included in accrued liabilities on the consolidated statement of financial position.

The future minimum base rental payments for the years ending June 30 are as follows:

2022	$ 50,022
2023	51,809
2024	53,595
2025	55,381
2026	57,168
Thereafter	669,936
Total	$ 937,911

Rent expense for the years ended June 30, 2021 and 2020 amounted to $175,213 and $170,724, respectively.

Note 9 - Retirement Plan

Delta offers a 401(k) plan to all employees meeting the eligibility requirements defined in the plan. The plan allows for elective employee contributions up to the amount set by federal law and a mandatory employer contribution limited to 3 percent of eligible compensation. Delta also contributes 1 percent of eligible compensation if the employee contributes at least 1 percent of eligible compensation. Total organization contributions charged to retirement costs in 2021 and 2020 were $40,764 and $44,873, respectively.

Note 10 - Long-term Debt

Long-term debt at June 30 is as follows:

	2021	2020
P2/E2 - Note payable, Bank of America, unsecured, requiring monthly payments of interest only of 3 percent per annum, and due in full on August 15, 2012. The principal amount of the note may be used to finance the redevelopment of programs supporting environmental quality and energy efficiency. As of the report date, the bank has not indicated intentions to call or forgive the note. Accrued interest on the note payable amounted to $141,895 and $126,895 as of June 30, 2021 and 2020, respectively	$ 500,000	$ 500,000
Note payable to the SBA in monthly installments of $641, including fixed interest at 2.75 percent, beginning in July 2021. The note is collateralized by substantially all of the Organization's assets and is due in July 2050	150,000	-
Total	650,000	500,000
Less current portion	503,264	500,000
Long-term portion	$ 146,736	$ -

The balance of the above debt matures as follows:

Years Ending	Amount
2022	$ 503,264
2023	3,355
2024	3,449
2025	3,545
2026	3,643
Thereafter	132,744
Total	$ 650,000

Interest expense for 2021 and 2020 was $14,980 and $15,000, respectively.

Note 11 - Paycheck Protection Program

In April 2020, the Organization received a PPP term loan through a lending institution in the amount of $427,972. In February 2021, the Organization received a second draw of the PPP loan program in the amount of $207,242. The loans were issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act's PPP. The loan structure required organization officials to certify certain statements that permitted the Organization to qualify for the loan and provides loan forgiveness for a portion or all of the borrowed amount if the Organization uses the loan proceeds for the permitted loan purpose during the covered period described in the note agreements. At the conclusion of the covered period, any balance not forgiven by the Small Business Administration will be repaid over a period of two and five years for the initial and second draw, respectively, with interest accruing at a rate of 1 percent, and monthly payments of principal and interest beginning 10 months after the conclusion of the covered periods. The Organization has the right to prepay any amount outstanding at any time without penalty. The loans helped the Organization fund payroll and benefits, as well as core indirect expenses.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels.

Subsequent to June 30, 2021, the Organization applied for and received notification of forgiveness of the entire loan balance of the initial PPP loan from the SBA. The amount of the loan forgiven will be recorded as extinguishment of debt income in fiscal year 2022. As of the date of the issuance of the consolidated financial statements, the Organization has not yet applied for forgiveness of the second draw.

Note 12 - Concentration of Credit Risk

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions that may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

The Organization receives substantially all funding from a relatively small group of government, foundation, and corporate donors. There is a risk that this funding could be curtailed, in which case the Organization would seek alternative funding or reduce its scale of operations.

Note 13 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 13 - Fair Value Measurements (Continued)

The following tables present information about the Organization's assets measured at fair value on a recurring basis at June 30, 2021 and 2020 and the valuation techniques used by the Organization to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Beneficial interest in trust	$ -	$ -	$ 6,262,101	$ 6,262,101

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Beneficial interest in trust	$ -	$ -	$ 5,327,805	$ 5,327,805

The unrealized gains and losses of $1,464,296 and $204,851 for the years ended June 30, 2021 and 2020, respectively, are reported as the change in fair value of beneficial interest in trust on the consolidated statement of activities and changes in net assets (deficiency in net assets).

During 2021, the board of directors and donor approved a distribution of $530,000 from the beneficial interest in trust to cover payroll expenses.