

FRIENDLY CENTER, INC.
FINANCIAL STATEMENTS

DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE
INFORMATION FOR 2019)

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INDEPENDENT AUDITORS' REPORT

To the Board of Board of Directors of
Friendly Center, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Friendly Center, Inc. (the "Center") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibility (Continued)

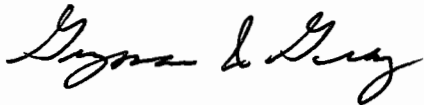
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Friendly Center's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Guzman & Gray CPAs
Long Beach, CA
April 26, 2021

FRIENDLY CENTER, INC.
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

ASSETS				
	Without Donor Restriction	With Donor Restriction	2020	2019
Current Assets				
Cash and cash equivalents	\$ 1,253,992	\$ 82,087	\$ 1,336,079	\$ 924,048
Certificates of deposit	99,268	3,747	103,015	212,478
Receivables	67,184		67,184	122,194
	1,420,444	85,834	1,506,278	1,258,720
 Property and Equipment, Net of Accumulated Depreciation				
Property and equipment				
Land	40,617		40,617	40,617
Building and building improvements	190,631		190,631	190,631
Leasehold improvements	27,723		27,723	27,723
Furniture and equipment	62,677		62,677	59,190
Computers and software	19,969		19,969	17,555
Transportation	35,859		35,859	35,859
	377,476		377,476	371,575
Less accumulated depreciation	(304,247)		(304,247)	(288,839)
	73,229		73,229	82,736
 Other Assets				
Deposits	9,343		9,343	6,562
	9,343		9,343	6,562
TOTAL ASSETS	\$ 1,503,016	\$ 85,834	\$ 1,588,850	\$ 1,348,018
 LIABILITIES AND NET ASSETS				
	Without Donor Restriction	With Donor Restriction	2020	2019
Current Liabilities				
Accounts payable	\$ 18,429		\$ 18,429	\$ 40,842
Tenant deposits	2,199		2,199	2,196
Deferred revenue	13,121		13,121	18,368
Accrued payroll and related	42,870		42,870	43,370
TOTAL LIABILITIES	76,619		76,619	104,776
 Net Assets				
Without donor restriction	1,426,397		1,426,397	1,184,255
With donor restriction		\$ 85,834	85,834	58,987
TOTAL NET ASSETS	1,426,397	85,834	1,512,231	1,243,242
TOTAL LIABILITIES AND NET ASSETS	\$ 1,503,016	\$ 85,834	\$ 1,588,850	\$ 1,348,018

See Independent Auditors' Report and Accompanying Notes to Financial Statements

FRIENDLY CENTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	Without Donor Restriction	With Donor Restriction	2020	2019
SUPPORT AND REVENUE				
Support				
Grants	\$ 517,187	\$ 65,000	\$ 582,187	\$ 635,384
Contributions, individuals	155,790		155,790	119,846
Contributions, churches and other organizations	309,637		309,637	149,100
Donated support	910,022		910,022	2,463,449
Release of restrictions	38,153	(38,153)	-	-
Total Support	<u>1,930,789</u>	<u>26,847</u>	<u>1,957,636</u>	<u>3,367,779</u>
Revenue				
Rent income	104,313		\$ 104,313	101,788
Interest income	6,293		6,293	4,928
Miscellaneous income/(loss)	11,238		11,238	5,475
Fundraising, net	53,512		53,512	157,020
PPP loan recognition	152,932		152,932	
Total Revenue	<u>328,288</u>		<u>328,288</u>	<u>269,211</u>
TOTAL SUPPORT AND REVENUE	<u>2,259,077</u>	<u>26,847</u>	<u>2,285,924</u>	<u>3,636,990</u>
EXPENSES				
Program services	1,812,763		1,812,763	3,310,084
Support services	203,496		203,496	242,470
TOTAL EXPENSES	<u>2,016,259</u>		<u>2,016,259</u>	<u>3,552,554</u>
CHANGE IN NET ASSETS	242,818	26,847	269,665	84,436
NET ASSETS, BEGINNING OF YEAR	<u>1,183,579</u>	<u>58,987</u>	<u>1,242,566</u>	<u>1,158,130</u>
NET ASSETS, END OF YEAR	<u>\$ 1,426,397</u>	<u>\$ 85,834</u>	<u>\$ 1,512,231</u>	<u>\$ 1,242,566</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

FRIENDLY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	Program			Supporting			2020	2019
	General Programs	Housing	Total	Management and General	Fund Raising	Total		
Accounting and auditing	\$ 5,900	\$ 6,845	\$ 12,745				\$ 12,745	\$ 12,150
Bank charges				\$ 3,630		\$ 3,630	3,630	4,133
Bad debts		163	163				163	
Contract		16,568	16,568				16,568	8,270
Depreciation	11,919	3,489	15,408				15,408	9,089
Fundraising					\$ 11,353	11,353	11,353	41,699
In-kind facilities	283,196		283,196				283,196	360,000
In-kind food & other	626,825		626,825				626,825	2,081,053
Insurance	23,765	8,988	32,753				32,753	21,105
Professional fees	2,712	147	2,859	363	343	706	3,565	2,983
Repairs and maintenance	373	384	757	3,293		3,293	4,050	2,784
Miscellaneous		5,087	5,087	244	325	569	5,656	13,096
Office supplies	1,827	971	2,798	3,961		3,961	6,759	5,463
Membership dues				1,318		1,318	1,318	1,315
Salaries and wages	612,302	10,972	623,274	88,094	64,312	152,406	775,680	764,356
Employee benefits	7,122	1,812	8,934	1,253	1,604	2,857	11,791	24,604
Payroll taxes	50,509	1,028	51,537	7,267	5,305	12,572	64,109	63,712
Postage				1,088	478	1,566	1,566	1,507
Printing	9,251		9,251	4,679	4,586	9,265	18,516	15,467
Equipment	16,351	1,705	18,056				18,056	18,167
Program	70,074	6,000	76,074				76,074	74,204
Taxes		1,947	1,947				1,947	1,936
Special events					5,363	5,363	5,363	42,922
Transportation	2,968		2,968				2,968	5,687
Utilities	12,593	8,970	21,563				21,563	19,774
Subtotal	\$ 1,737,687	\$ 75,076	\$ 1,812,763	\$ 115,190	\$ 93,669	\$ 208,859	\$ 2,021,622	\$ 3,595,476
Less: Direct donor benefit					(5,363)	(5,363)	(5,363)	(42,922)
Total Expenses	<u>1,737,687</u>	<u>75,076</u>	<u>1,812,763</u>	<u>115,190</u>	<u>88,306</u>	<u>203,496</u>	<u>2,016,259</u>	<u>3,552,554</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

FRIENDLY CENTER, INC.
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 269,665	\$ 84,436
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	15,408	9,089
(Increase) decrease in:		
Receivables	55,010	6,646
Deposits	(2,781)	(1,036)
Increase (decrease) in:		
Accounts payable	(22,413)	(1,803)
Accrued payroll and related	(500)	9,373
Tenant deposits	3	3
Deferred revenue	(5,247)	(3,033)
	309,145	103,675
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,901)	(11,603)
Donated assets received		(22,396)
Reinvested dividends	108,787	(77,033)
	102,886	(111,032)
NET CASH FROM INVESTING ACTIVITIES		
NET INCREASE IN CASH	412,031	(7,357)
CASH AT BEGINNING OF YEAR	924,048	931,405
CASH AT END OF YEAR	\$ 1,336,079	\$ 924,048
 SUPPLEMENTAL DISCLOSURES		
INTEREST PAID	NONE	NONE
INCOME TAXES PAID	NONE	NONE
 NON-CASH TRANSACTIONS		
Non-monetary contributions	\$ 889,900	\$ 2,463,449
Non-monetary contribution of donated stock	NONE	NONE

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

FRIENDLY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Friendly Center, Inc., (the “Center”) a not for profit multi-culture community center, was organized on February 16, 1967. Friendly Center’s primary purpose is to provide information, referrals, emergency services, youth development programs, parenting classes, activity program, food distribution, and 8 low-income housing units. These services are provided to the public who are economically or educationally disadvantaged.

Basis of Accounting

The Center uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates and Assumptions

In preparing financial statements in conformity with generally accepted accounting principles (GAAP), management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Financial Statement Presentation

The accompanying financial statements of the Center are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets are classified and reported as:

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose

With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of the Center or by the passage of time

The Center has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

FRIENDLY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Center considers cash on hand, demand deposits and highly-liquid investments with original maturities of three months or less.

Pledge and Accounts Receivable

Pledges are recognized when legally enforceable and all conditions to the pledge have been met. Revenues earned but not received are recorded as a receivable.

No allowance for uncollectible pledges has been established as management believes the total amount to be fully collectible within the next year.

Grants

Revenues from grants are recorded when earned, in accordance with the terms of the grant. Grant funds earned, but not received, are accrued.

Property and Equipment

All property and equipment are recorded at cost if purchased, and at fair value, if donated. Depreciation is calculated on a straight-line basis. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

Donated Service and Support

Donated services are reflected as donations at their estimated fair value at the time the services are performed. Only those donated services that will otherwise be performed by salaried personnel, if donated services are not available for the organization to accomplish its purpose, are included in the financial statements. Donated support consists of food, clothing, toys, etc. These items are reflected at their estimated fair value at the time of receipt. Additionally, the Center has facility lease contracts with the cities of Orange and Placentia to occupy for a nominal rent of \$1 a year. The Center records the use of the facilities as a donation, and reflects the donation at its estimated fair value.

Functional Allocation of Expenses

The costs of program and supporting services activities 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

FRIENDLY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date.

Tax Status

The Center has qualified for tax-exempt status under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). The organization is involved in no activities that are subject to unrelated business tax. As a result, no provision for income taxes has been made. The Center recognizes the financial statement benefit of tax positions, such as filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Center is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for Federal and California state purposes is generally three and four years, respectively.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles of the United States when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2019. The Center has adopted the new accounting standard for the current financial statements. No significant changes were made to prior year amounts during the adoption of the new standard.

For the year ended December 31, 2020, the Center adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, and has applied it prospectively. The provision provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions, as well as distinguishing between conditional and unconditional contributions. No significant changes were made to prior year amounts during the adoption of the new standard.

FRIENDLY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

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

Summarized Comparative Totals

The financial statements include certain prior year summarized comparative information that does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 2 - NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions are restricted as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for programs	\$85,834	\$58,987
Total Net Assets with donor restrictions	<u>\$85,834</u>	<u>\$58,987</u>

Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2020 and 2019:

Satisfaction of purpose restrictions	\$38,153	\$65,728
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FRIENDLY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019)

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, as of December 31, 2020 and 2019 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 40,617	\$ 40,617
Building and Building Improvements	190,631	190,631
Leasehold Improvements	27,723	27,723
Furniture and Equipment	62,677	59,109
Computers and software	19,969	17,555
Transportation	<u>35,859</u>	<u>35,859</u>
Total	377,476	371,575
Less Accumulated Depreciation	<u>(304,247)</u>	<u>(288,839)</u>
Net	<u>\$ 73,229</u>	<u>\$ 82,736</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$15,408 and \$9,089, respectively.

NOTE 4 – DONATED MATERIALS AND SERVICES

Donated materials and services for the years ended December 31, 2020 and 2019 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Food, Gifts & other	\$ 606,704	\$2,042,511
Rent	283,196	360,000
Services	<u>20,122</u>	<u>60,938</u>
	<u>\$ 910,022</u>	<u>\$2,463,449</u>

NOTE 5 – LIQUIDITY AND AVAILABILITY

The Organization maintains and manages adequate operating funds per policies set by the board of directors.

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:

Cash and cash equivalents	\$ 1,253,992
Accounts receivable	67,184
Certificates of deposit	<u>99,268</u>
Total	<u>\$ 1,420,444</u>

FRIENDLY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019)

NOTE 6 – CONTINGENCIES AND CONCENTRATIONS

Support

The Center receives a substantial amount of its support from federal, state and local governments. A significant reduction in the level of this support may have an adverse effect on the Center's programs and activities.

Grant Audit Contingencies

Under the terms of federal and state grants, periodic audits by the grantor agencies are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Previous audits of the organization by the grantor agencies have not resulted in disallowance.

Credit Risk

The Center maintains cash balances at several financial institutions located in Southern California. The balances on deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020 and 2019, the Center's uninsured cash balance total \$67,674 and \$45,804, respectively. Cash deposited in financial institutions differs from cash presented in the statement of financial position due to timing differences, respectively.

Covid-19

Due to the ongoing global outbreak of the coronavirus, and the subsequent measures taken by local, state, and federal government, the Organization is unable to accurately predict how the coronavirus will affect the results of its operation because the disease's severity and the duration of the outbreak are uncertain at this time.

NOTE 7 - LEASE OBLIGATIONS

The Center is obligated under the terms of an operating lease for the rental of equipment until January 11, 2021. Total rental payments were approximately \$6,346 and \$5,492 for the years ended December 31, 2020 and 2019, respectively. This amount is included in equipment expense in the accompanying statement of functional expenses. Future minimum rental payments are:

2021	\$ 454
	\$ 454

FRIENDLY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019)

NOTE 8 – FUNDRAISING EVENTS

The Center conducted fundraising events to assist in funding program operations. All revenues received in excess of expenses from the events are used for the current program operations. The costs that are direct benefits to the donors are included in Donor Benefit Expenses.

The fundraising revenues and expenses are as follows for the year ended December 31, 2020:

	<u>Gross Revenue</u>	<u>Donor Benefit Expenses</u>	<u>Revenue Net of Donor Benefit Expenses</u>
Street Fair	\$ -	\$ -	\$ -
Golf Tournament	14,018	493	13,525
Gala	44,168	4,870	39,298
Other	<u>689</u>	<u>-</u>	<u>689</u>
	<u>\$ 58,875</u>	<u>\$ 5,363</u>	<u>\$ 53,512</u>

The fundraising revenues and expenses are as follows for the year ended December 31, 2019:

	<u>Gross Revenue</u>	<u>Donor Benefit Expenses</u>	<u>Revenue Net of Donor Benefit Expenses</u>
Street Fair	\$ 51,386	\$ 15,981	\$ 35,405
Golf Tournament	31,798	10,233	21,565
Gala	109,668	16,708	92,960
Other	<u>7,090</u>	<u>-</u>	<u>7,090</u>
	<u>\$199,942</u>	<u>\$ 42,922</u>	<u>\$ 157,020</u>

FRIENDLY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019)

NOTE 9 – FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Other observable inputs, which include quoted prices for similar assets and liabilities, and market support inputs. These inputs could include such items as interest rates, yield curves, auction prices for equipment or per square foot selling prices for real estate.

Level 3: Inputs that are unobservable inputs for assets and liabilities are based on the Organization's assumptions. These include inputs that are internally developed and estimated.

In instances where the determination of the fair value measurement is based upon inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair measurement in its entirety.

Fair Values Measured on a Recurring Basis

Fair values of assets measured on a recurring basis at December 31, 2020 are as follows:

	Fair Market Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Certificates of deposit	\$ 103,015	NONE	\$ 103,015	NONE

FRIENDLY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019)

NOTE 9 – FAIR VALUE MEASUREMENTS (Continued)

Fair Values Measured on a Recurring Basis

Fair values of assets measured on a recurring basis at December 31, 2019 are as follows:

	Fair Market Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Certificates of deposit	\$ 212,478	NONE	\$212,478	NONE

Fair values for certificates of deposit are determined by reference to quoted market prices and other relevant information generated by market transactions.

The carrying value of cash and cash equivalents, receivables, other assets, accounts payable, accrued expenses are reasonable estimates of fair value due to the short term nature of these financial instruments and consequently these instruments are not presented in the table shown above, as there are no changes in the valuation of any of these financial instruments.

NOTE 10 – SUBSEQUENT EVENTS

The Center has evaluated events subsequent to December 31, 2020, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through April 26, 2021, the date these financial statements were available to be issued.

NOTE 11 - PPP LOAN PAYABLE

In April 2020, the Center received loan proceeds in the amount of \$152,932 from a local bank under the Paycheck Protection Program (“PPP”) administered by the U.S. Small Business Administration (“SBA”). The loan begins accruing interest at an annual rate of 1% per year and will mature in 24 months. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds during the 8 or 24 week covered period it selects for qualifying expenses outlined in the loan agreement.

Management has spent all loan proceeds of \$152,932 on qualifying expenditures as stipulated by the loan agreement, and has applied for and received forgiveness of the full loan amount as of April 6, 2021. As such Management has recognized the forgiveness of the loan as income for the year ended December 31, 2020.