

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

Year Ended June 30, 2015
(With Comparative Totals to June 30, 2014)



Gurseley | Schneider ^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 13



CERTIFIED
PUBLIC ACCOUNTANTS
& ADVISORS

PARTNERS
David J. Swan, CPA*†
David E. Blumenthal, CPA*†
Stephan H. Wasserman, CPA*†
Robert O. Watts, CPA†
Tracy Farryl Katz, ESQ., CPA†
Nazfar B. Afshar, CPA†
Marie Ambrosino
Gary L. Krausz, CPA†
Keith S. Dolabson, CPA
James M. Good, CPA†
Brian J. Gray, CPA

PRINCIPALS
Jerome D. Vermeulen, CPA

DIRECTORS
Stacey S. Summers, CPA

FOUNDERS
Donald L. Gursey, (1936-2007)
Stanley B. Schneider, CPA



1888
Century Park East
Suite 900
Los Angeles
CA
90067-1735

310 552 0960 ph
310 557 3468 fx



www.gursey.com

Independent Auditor's Report

To the Board of Directors
A Place Called Home
Los Angeles, California

We have audited the accompanying financial statements of A Place Called Home (a California nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, 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.

Auditor's 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.

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

*Accredited in Business Valuation
†Certified in Financial Forensics

To the Board of Directors
A Place Called Home
Independent Auditor's Report
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of A Place Called Home as of June 30, 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited A Place Called Home's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 6, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gursey | Schneider LLP

December 2, 2015
Los Angeles, California

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,100,923	\$ 2,966,484
Contributions receivable	550,434	587,644
Program goods inventory	115,679	73,057
Deposits, prepaid expenses and other assets	31,162	43,667
Total Current Assets	3,798,198	3,670,852
OTHER ASSETS		
Contributions receivable	210,000	33,334
Property and equipment, net	3,173,971	2,896,069
Total Other Assets	3,383,971	2,929,403
TOTAL ASSETS	\$ 7,182,169	\$ 6,600,255

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 32,654	\$ 15,764
Accrued payroll and related liabilities	274,954	231,752
Total Liabilities	307,608	247,516
NET ASSETS		
Unrestricted	5,327,129	4,683,588
Unrestricted - board designated reserves	400,000	350,323
Temporarily restricted	947,432	1,118,828
Permanently restricted	200,000	200,000
Total Net Assets	6,874,561	6,352,739
TOTAL LIABILITIES AND NET ASSETS	\$ 7,182,169	\$ 6,600,255

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Activities
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES AND SUPPORT					
Contribution and grants	\$ 1,711,108	\$ 1,647,804	\$ -	\$ 3,358,912	\$ 3,937,124
In-kind goods and services	1,563,881	813	-	1,564,694	1,304,879
Interest income	4,735	-	-	4,735	1,874
Other income	53,624	-	-	53,624	38,076
Fundraising events:					
Gross revenue	1,346,770	-	-	1,346,770	1,329,028
Less: Direct costs	(210,600)	-	-	(210,600)	(212,721)
Fundraising events, net	1,136,170	1,648,617	-	1,136,170	1,116,307
Released from restriction	1,820,013	(1,820,013)	-	-	-
TOTAL REVENUE AND SUPPORT	6,289,531	(171,396)	-	6,118,135	6,398,260
EXPENSES					
Program services	4,352,503	-	-	4,352,503	3,916,343
Supporting services	570,834	-	-	570,834	560,238
Fundraising	672,976	-	-	672,976	690,533
TOTAL EXPENSES	5,596,313	-	-	5,596,313	5,167,114
CHANGE IN NET ASSETS	693,218	(171,396)	-	521,822	1,231,146
NET ASSETS - Beginning of Year	5,033,911	1,118,828	200,000	6,352,739	5,121,593
NET ASSETS - End of Year	\$ 5,727,129	\$ 947,432	\$ 200,000	\$ 6,874,561	\$ 6,352,739

See Accompanying Notes to Financial Statements

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Functional Expenses
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	2015			2014	
	Program Expenses	Support Services	Fundraising Expenses	Total Expenses	Total Expenses
Salaries and Expenses					
Salaries and wages	\$ 1,738,998	\$ 284,326	\$ 318,257	\$ 2,341,581	\$ 2,175,827
Payroll taxes	127,259	21,121	21,840	170,220	155,288
Employee benefits	253,619	44,460	41,641	339,720	315,726
Total Salaries and Expenses	2,119,876	349,907	381,738	2,851,521	2,646,841
Other Expenses					
Advertising	114	1,385	1,850	3,349	3,723
Auto expense	18,321	876	4,118	23,315	21,560
Bank charges	1,590	1,639	22,409	25,638	17,873
Depreciation	95,879	12,860	19,877	128,616	106,070
Dues and subscriptions	558	910	998	2,466	3,591
Education and training	10,867	13,601	873	25,341	19,015
Equipment rental	4,505	1,336	3,235	9,076	7,415
Food costs	41,445	416	1,636	43,497	34,142
In-kind goods	789,776	2,585	30,154	822,515	748,859
Insurance	40,664	8,733	1,000	50,397	44,948
Office expenses	33,801	31,356	10,587	75,744	90,565
Outside services	92,251	21,874	68,952	183,077	172,441
Postage	14,307	1,425	8,402	24,134	30,792
Printing	21,586	3,410	27,683	52,679	64,825
Professional fees	536,355	82,346	83,568	702,269	410,047
Program related expenses	98,372	-	-	98,372	143,633
Repairs and maintenance	13,241	340	326	13,907	31,442
Scholarships	289,373	-	-	289,373	396,628
Stipends	10,621	4	4	10,629	24,262
Supplies	42,116	2	2	42,120	41,815
Taxes and licenses	11,335	29,961	782	42,078	37,140
Telephone	6,439	2,014	983	9,436	10,117
Travel	5,989	1,669	397	8,055	8,475
Utilities	53,122	2,185	1,619	56,926	47,880
Website development	-	-	1,783	1,783	3,015
Total Other Expenses	2,232,627	220,927	291,238	2,744,792	2,520,273
TOTAL EXPENSES	\$ 4,352,503	\$ 570,834	\$ 672,976	\$ 5,596,313	\$ 5,167,114

See Accompanying Notes to Financial Statements

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Cash Flows
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 521,822	\$ 1,231,146
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	128,616	106,070
Non-cash donation of property and equipment	(177,398)	(69,161)
(Increase) decrease in:		
Contributions receivable	(139,456)	257,881
Program goods inventory	(42,622)	(73,057)
Deposits, prepaid expenses and other assets	12,505	31,574
Increase (decrease) in:		
Accounts payable and accrued expenses	16,890	(8,225)
Accrued payroll and related liabilities	43,202	75,512
	363,559	1,551,740
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(229,120)	(98,711)
Proceeds from maturity of certificate of deposit	-	212,448
	(229,120)	113,737
NET INCREASE IN CASH AND CASH EQUIVALENTS	134,439	1,665,477
CASH AND CASH EQUIVALENTS - Beginning of Year	2,966,484	1,301,007
CASH AND CASH EQUIVALENTS - End of Year	\$ 3,100,923	\$ 2,966,484

See Accompanying Notes to Financial Statements

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2015

NOTE 1 — ORGANIZATION

A Place Called Home (APCH) is a California nonprofit public benefit corporation. APCH is a safe haven in South Central Los Angeles where underserved youth are empowered to take ownership of the quality and direction of their lives through programs in education, arts, and well-being and are inspired to make a meaningful difference in their community and the world. APCH operates a community youth and family services center providing educational, vocational, and social support programs to children, youth and families. APCH receives its funding from fundraisers, grants and contributions by private foundations, corporations, and individuals.

APCH celebrated its 22nd year of operations in 2015. Over more than two decades, APCH has served more than 18,000 youth and provided college scholarships for 304 students; a majority of whom are first-generation college attendees. Significant program accomplishments include:

- Serving an average of 300 – 350 young people each day and thousands more family and community members at our large community events.
- Providing 5,000 – 6,000 fresh meals each month, and thousands of pounds of groceries to hundreds of families each year.
- Hosting more than 1,000 volunteers who collectively contribute up to 25,000 hours of service annually.
- Providing more than 3,200 hours of mental health counseling each year.

All services are provided free of charge.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation — The accompanying financial statements have been prepared on the accrual basis of accounting; consequently revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Comparative Totals — The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the APCH's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2015

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Cash and Cash Equivalents — Cash and cash equivalents include cash held in money market and checking accounts which are insured up to the federal limit by the Federal Deposit Insurance Corporation. Cash and cash equivalents have maturities at date of purchase of three months or less. At times, the cash balance maintained at a single financial institution may exceed federally insured limits. APCH has not experienced any losses in these accounts. Included in cash and cash equivalents are board-designated reserves of \$400,000 and \$350,323 at June 30, 2015 and 2014, respectively.

Net Asset Accounting — To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of APCH are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted Net Assets.** Net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by actions of the board of directors, or may otherwise be limited by contractual agreements with outside parties. During the year ended June 30, 2015, the board has designated \$400,000 of unrestricted net assets as restricted for long-term purposes. At June 30, 2015, APCH had unrestricted net assets of \$5,727,129.
- **Temporarily Restricted Net Assets.** APCH reports gifts of cash and other assets as temporarily restricted support 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 of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions. At June 30, 2015, APCH had temporarily restricted net assets of \$947,432.
- **Permanently Restricted Net Assets.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit APCH to expend all of the income (or other economic benefits) derived from the donated assets. At June 30, 2015, APCH had \$200,000 in permanently restricted net assets.

Contributions — Contributions, including unconditional promises to give, are recorded in the period made. All contributions are available for unrestricted use, unless specifically restricted by the donor. Conditional promises to give are recognized when the condition on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their undiscounted carrying value. Unconditional promises to give due in the subsequent years are not discounted as such amounts are not deemed material. An estimate for uncollectible contributions is recorded against contributions. APCH has determined that no allowance against the contributions receivable is required as of June 30, 2015.

Functional Allocations of Expenses — The costs of providing APCH's programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting services on the basis of benefits received.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2015

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Program Goods Inventory — In-kind donations, which consist of donated equipment, clothing, school supplies and other goods, totaling \$115,679 were held as of June 30, 2015. These were distributed to benefit the community subsequent to year-end.

Scholarships — APCH awards renewable scholarships for up to five years if the scholar fulfills all scholarship renewal requirements each year. Scholarship recipients may receive up to \$15,000 in scholarships per year. Students are required to provide a progress report annually and meet certain academic performance and other criteria in order to receive subsequent year awards after the initial award without having to re-apply. Scholarship budget is subject to availability of funds received. All scholarships are awarded and paid out during the fiscal year. Therefore, no commitments are made for future years and no scholarship liability is accrued as of June 30, 2015.

In-Kind Donations —

- **Donated Goods, Property and Equipment** — Donations of goods, property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. During the year ended June 30, 2015, APCH received approximately \$980,000 of donated goods and equipment.
- **Donated Services** — Contributed services are recognized if the services received (a) increase or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended June 30, 2015, APCH received approximately \$586,000 of professional donated services for legal, architectural design, counseling and classroom instruction services. These amounts are reflected as professional fees in the accompanying statement of functional expenses.

Property and Equipment — Acquisition of property and equipment in excess of \$1,000 is capitalized at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of the assets ranging from five to thirty-nine years, using the straight-line method.

Income Taxes — APCH is a public charity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for federal and state income taxes in the accompanying financial statements.

APCH's accounting policy is to provide liabilities for uncertain tax positions (including penalties and interest) when a tax position would not be considered "more likely than not" to be upheld by a tax authority examination. Management is not aware of any violation of its tax status (being exempt from income taxes), nor any exposure to unrelated business income tax. APCH's federal income tax and informational returns for tax years 2012 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California, APCH's most significant jurisdiction, remain subject to examination by the California Franchise Tax Board for years 2011 and subsequent.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2015

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Concentrations of Risk — There are three donors that make up approximately 74% of the unconditional promises to give. Each of these donors either has long-standing associations with APCH or has provided substantial financial support to APCH.

Subsequent Events — Subsequent events were evaluated through December 2, 2015, the date the financial statements were available to be issued.

NOTE 3 — CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2015 are composed of the following:

Receivable in less than one year	\$ 550,434
Receivable in one to five years	<u>210,000</u>
Total contributions receivable	<u><u>\$ 760,434</u></u>

In addition, APCH has one conditional pledge for \$200,000 that will be collectible upon the commencement of a capital improvement project.

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment held for use by APCH is comprised of the following at June 30, 2015:

Building improvements	\$ 1,883,737
Land	1,000,865
Building	643,000
Computer equipment	265,033
Vehicles	129,815
Recording studio equipment	80,205
Equipment	130,044
Furniture	<u>32,308</u>
	4,165,007
Less: Accumulated depreciation	<u>(991,036)</u>
Total Property and Equipment, Net	<u><u>\$ 3,173,971</u></u>

Depreciation expense for the year ended June 30, 2015 was \$128,616.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2015

NOTE 5 — TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2015 consist of the following:

Purpose restricted - Scholarships	\$ 130,609
Purpose restricted - Teen Center	287,729
Time - restricted	<u>529,094</u>
 Total Temporarily Restricted Net Assets	 <u><u>\$ 947,432</u></u>

The time-restricted net assets will be available for general uses in future years and released from restriction as follows:

Year Ending June 30,	Amount
<u>2016</u>	<u>\$ 320,760</u>
2017	108,334
2018	<u>100,000</u>
	 <u><u>\$ 529,094</u></u>

During the year ended June 30, 2015, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes or time restriction:

Award of scholarships	\$ 409,529
Capital projects	777,242
Passage of time restrictions	<u>633,242</u>
 Net Assets Released from Restrictions	 <u><u>\$ 1,820,013</u></u>

Permanently restricted net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, APCH classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2015

NOTE 5 — TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS – (CONTINUED)

In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies.

During the year ended June 30, 2015, APCH had the following endowment related activities:

Endowment Assets Investments, at fair value	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ 3,257	\$ -	\$ 200,000	\$ 203,257
Contributions	-	-	-	-
Investment income	949	-	-	949
Program expenditures	-	-	-	-
End of year	<u>\$ 4,206</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 204,206</u>

Endowment assets are invested a money market account.

NOTE 6 — RETIREMENT PLAN

APCH sponsors a qualified pension plan that covers substantially all full-time employees meeting certain eligibility requirements. Employees may contribute a portion of their annual compensation to the plan, limited to the maximum annual amount as set periodically by the Internal Revenue Service. APCH has elected to satisfy certain safe-harbor provisions of administering the plan by contributing up to 4.0% of each eligible employee's annual compensation to the plan as a non-elective contribution. During the year ended June 30, 2015, the Company recognized an expense of \$39,132 for employees that are fully vested in the safe-harbor contributions.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2015

NOTE 7 — LEASE COMMITMENT

APCH leases office equipment under a non-cancelable operating lease that expires in 2016. Rental equipment expenses for the year ended June 30, 2015 were \$9,076, which is included in the accompanying statement of functional expenses. The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 6,414
2017	4,238
2018	<u>1,060</u>
	<u>\$ 11,712</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2015, APCH received donated legal services from a law firm affiliated with a former board member totaling approximately \$24,115. At June 30, 2015, pledges receivable from various board members totaled \$5,000.