

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

FINANCIAL STATEMENTS

Year Ended June 30, 2017
(With Comparative Totals to June 30, 2016)

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CERTIFIED
PUBLIC ACCOUNTANTS
& ADVISORS

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, 2017, 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.

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Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of A Place Called Home as of June 30, 2017, and the results of its operations 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 A Place Called Home's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gursey | Schneider LLP

February 16, 2018
Los Angeles, California

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2017
(With Comparative Totals for June 30, 2016)

ASSETS

	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,374,765	\$ 2,480,662
Contributions receivable (net present value)	1,341,961	406,800
Program goods inventory	101,505	58,270
Prepaid expenses and other assets	51,773	16,980
	Total Current Assets	2,962,712
OTHER ASSETS		
Contributions receivable (net present value)	749,433	100,000
Property and equipment, net	5,168,716	4,752,729
	Total Other Assets	4,852,729
	TOTAL ASSETS	\$ 7,815,441

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 59,985	\$ 32,537
Accrued payroll and related liabilities	225,291	195,892
	Total Liabilities	228,429
NET ASSETS		
Unrestricted	6,859,428	6,897,582
Temporarily restricted	2,443,449	489,430
Permanently restricted	200,000	200,000
	Total Net Assets	7,587,012
	TOTAL LIABILITIES AND NET ASSETS	\$ 7,815,441

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Activities
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	2017			2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES AND SUPPORT					
Contributions and grants	\$ 1,357,682	\$ 4,410,914	\$ -	\$ 5,768,596	\$ 3,327,006
In-kind goods and services	1,850,462	-	-	1,850,462	1,258,131
Interest income	5,021	-	-	5,021	7,011
Other income (expense), net	25,675	-	-	25,675	26,208
Realized gain (loss)	-	-	-	-	-
Fundraising events:					
Gross revenue	1,263,245	-	-	1,263,245	2,051,691
Less: direct costs	(211,881)	-	-	(211,881)	(336,181)
Fundraising events, net	1,051,364	-	-	1,051,364	1,715,510
Released from restriction	2,456,895	(2,456,895)	-	-	-
TOTAL REVENUE AND SUPPORT	<u>6,747,099</u>	<u>1,954,019</u>	<u>-</u>	<u>8,701,118</u>	<u>6,333,866</u>
EXPENSES					
Program services	5,267,490	-	-	5,267,490	4,367,629
Supporting services	772,660	-	-	772,660	614,101
Fundraising	745,103	-	-	745,103	639,685
TOTAL EXPENSES	<u>6,785,253</u>	<u>-</u>	<u>-</u>	<u>6,785,253</u>	<u>5,621,415</u>
CHANGE IN NET ASSETS	(38,154)	1,954,019	-	1,915,865	712,451
NET ASSETS - Beginning of Year	<u>6,897,582</u>	<u>489,430</u>	<u>200,000</u>	<u>7,587,012</u>	<u>6,874,561</u>
NET ASSETS - End of Year	<u>\$ 6,859,428</u>	<u>\$ 2,443,449</u>	<u>\$ 200,000</u>	<u>\$ 9,502,877</u>	<u>\$ 7,587,012</u>

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, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	2017			2016	
	Program Expenses	Support Services	Fundraising Expenses	Total Expenses	Total Expenses
Salaries and Expenses					
Salaries and wages	\$ 2,009,674	\$ 382,431	\$ 410,808	\$ 2,802,913	\$ 2,392,629
Payroll taxes	145,647	23,651	30,441	199,739	181,672
Employee benefits	250,676	40,990	28,135	319,801	382,720
Total Salaries and Expenses	2,405,997	447,072	469,384	3,322,453	2,957,021
Other Expenses					
Advertising	-	7,101	7,984	15,085	7,561
Auto expense	19,163	986	3,971	24,120	30,065
Bank charges	4,851	3,298	29,573	37,722	40,187
Depreciation	149,465	21,825	27,021	198,311	132,430
Dues and subscriptions	485	1,018	754	2,257	2,564
Education and training	8,831	4,393	1,071	14,295	16,844
Equipment rental	10,366	14,565	3,118	28,049	17,280
Food costs	55,289	402	1,329	57,020	58,065
In-kind goods	1,091,788	46,502	10,970	1,149,260	794,384
Insurance	41,614	9,355	1,772	52,741	52,311
Office expenses	39,330	17,884	17,534	74,748	87,422
Outside services	58,267	2,523	45,964	106,754	161,829
Postage	6,560	1,634	3,499	11,693	19,661
Printing	32,958	803	27,230	60,991	55,239
Professional fees	816	119,429	70,182	190,427	99,059
Professional fees donated	585,885	16,769	13,693	616,347	430,553
Program related expenses	188,524	-	-	188,524	147,084
Repairs and maintenance	45,802	1,036	1,259	48,097	29,444
Scholarships	297,695	-	-	297,695	270,169
Stipends	45,270	-	-	45,270	16,681
Supplies	67,656	-	-	67,656	69,532
Taxes and licenses	23,825	51,154	1,785	76,764	45,581
Telephone	11,718	2,535	1,985	16,238	13,598
Travel	13,725	-	-	13,725	12,421
Utilities	61,592	2,376	2,354	66,322	50,794
Website development	18	-	2,671	2,689	3,636
Total Other Expenses	2,861,493	325,588	275,719	3,462,800	2,664,394
TOTAL EXPENSES (2017)	\$ 5,267,490	\$ 772,660	\$ 745,103	\$ 6,785,253	
<i>Percent of total expenses</i>	<i>78%</i>	<i>11%</i>	<i>11%</i>	<i>100%</i>	
TOTAL EXPENSES (2016)	\$ 4,367,629	\$ 614,101	\$ 639,685		\$ 5,621,415
<i>Percent of total expenses</i>	<i>78%</i>	<i>11%</i>	<i>11%</i>		<i>100%</i>

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, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,915,865	\$ 712,451
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	198,311	132,430
(Increase) decrease in:		
Contributions receivable	(1,584,594)	253,634
Program goods inventory	(43,235)	57,409
Prepaid expenses and other assets	(34,793)	14,182
Increase (decrease) in:		
Accounts payable and accrued expenses	27,448	(117)
Accrued payroll and related liabilities	29,399	(79,062)
NET CASH PROVIDED BY OPERATING ACTIVITIES	508,401	1,090,927
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(614,298)	(1,711,188)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(105,897)	(620,261)
CASH AND CASH EQUIVALENTS - Beginning of Year	2,480,662	3,100,923
CASH AND CASH EQUIVALENTS - End of Year	\$ 2,374,765	\$ 2,480,662

See Accompanying Notes to Financial Statements

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2017

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 24th year of operations in 2017. Over more than two decades, APCH has served more than 19,000 youth and provided college scholarships for 360 students; a majority of whom are first-generation college attendees. Significant program accomplishments include:

- Serving an average of 350 young people each day and thousands more family and community members at our large community events.
- Providing 5,000 to 6,000 fresh, healthy meals to youth and 400 bags of groceries to families each month.
- Hosting more than 2,000 volunteers who collectively contribute up to 25,000 hours of service annually.
- Providing more than 20,000 hours of mental health counseling for members and their families 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, 2016, 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, 2017

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.

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. At June 30, 2017, APCH had unrestricted net assets of \$6,859,428.
- **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, 2017, APCH had temporarily restricted net assets of \$2,443,449.
- **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, 2017, 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 discounted at a rate approximating the risk-free interest rate of 1.4%. 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, 2017.

Special Event Income – APCH hosts an annual gala and other events to raise funds that will be used to support the programs and general operations of the center. Contributions and other income that relate to these events are recognized as event income in the fiscal year the events are held. The different types of income from these events include: ticket sales, dinner sponsors, advertising, cash donations and pledges. Event income and expenses for the year ended June 30, 2017 was \$1,263,245 and \$211,881, respectively. The net amount of \$1,051,364 is included as part of revenue and support in the accompanying statement of activities.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2017

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

Program Goods Inventory — In-kind donations, which consist of donated equipment, clothing, school supplies and other goods, totaling \$101,505 were held as of June 30, 2017. These were distributed to benefit the community subsequent to year-end.

Scholarships — APCH awards renewable scholarships for up to six 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, 2017.

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, 2017, APCH received approximately \$1,225,641 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, 2017, APCH received approximately \$624,821 of professional donated services for program teachers and counselors, legal, landscape design, 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.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2017

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 2014 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 2013 and subsequent.

Concentrations of Risk — There is one donor that makes up approximately 71% of the unconditional promises to give. This donor has provided substantial financial support to APCH.

Reclassifications — Certain accounts and amounts from prior years have been reclassified to conform to the current year classification.

Effect of Recently Issued Accounting Standards — In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "Leases" (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public entities, the standard is effective for fiscal years beginning after December 15, 2019 and interim periods beginning the following year. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on APCH's financial statements and related disclosures.

On August 18, 2016, FASB issued new rules for nonprofit organizations under ASU 2016-14 "Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*" ("NFP"). This ASU changes the financial reporting format for nonprofit organization financial statements to simplify the way in which NFPs quantify and qualify their financial performance, their liquidity and cash flows, and their classification of net assets. Five changes included in ASU 2016-14 include:

- (1) The existing three-class system of classifying net assets as unrestricted, temporarily restricted and permanently restricted, will be replaced with a simpler two-class structure. Going forward, NFPs will differentiate net assets solely between those net assets with donor restriction and net assets without donor restrictions. NFPs will still be required to disclose the nature and amounts of donor-imposed restrictions.
- (2) The presentation of required disclosure of underwater endowment funds will change. When the fair market value of a donor-restricted endowment is less than the original gift amount or the amount the NFP is required to maintain by the donor or by law, NFPs will be required to also report the amount of the deficiency and their governing boards' policies or decisions to reduce or spend from these funds.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2017

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

- (3) NFPs will be required to disclose in financial statement notes qualitative information regarding how they will manage available liquid resources to meet cash needs for general expenses for the year following the balance sheet date. In addition, NFPs will be required to provide on the face of financial statements or in disclosure notes detailed quantitative information regarding their availability of financial assets at the balance sheet date to meet cash needs for the next year.
- (4) Expenses by both their natural classification and their functional classification will be presented either on the face of the statement of activities, as a separate statement or in the notes to the financial statements. In addition to this change in the presentation of expenses, the method used to allocate costs among program and supporting activities functions is required to be disclosed.
- (5) Finally, NFP's may continue to present the statement of cash flows using either the direct or indirect method of reporting. However, under the new reporting standard, NFPs employing the direct method to report cash flow will no longer be required to provide a reconciliation of net income to the cash amounts presented under the indirect method.

The effective date for ASU 2016-14 will be for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments in this Update is permitted. Management is currently evaluating the impact this change in accounting standards will have on APCH's financial statements and related disclosures.

Subsequent Events — Subsequent events were evaluated through February 16, 2018, the date the financial statements were available to be issued.

NOTE 3 — CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2017 are composed of the following:

Receivable in less than one year	\$ 1,360,480
Receivable in one to five years	<u>770,260</u>
	2,130,740
Less: present value discount	<u>(39,346)</u>
Total contributions receivable	<u><u>\$ 2,091,394</u></u>

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2017

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment held for use by APCH is comprised of the following at June 30, 2017:

Building improvements	\$ 3,926,833
Land	1,000,865
Building	643,000
Equipment	325,251
Computer equipment	293,168
Vehicles	129,815
Recording studio equipment	95,701
Furniture	<u>50,420</u>
	6,465,053
Less: accumulated depreciation	<u>(1,296,337)</u>
Total property and equipment, net	<u><u>\$ 5,168,716</u></u>

During the year ended June 30, 2017, APCH disposed of \$11,370 of fully depreciated property and equipment. Depreciation expense for the year ended June 30, 2017 was \$198,311.

NOTE 5 — TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2017 consist of the following:

Purpose restricted - Scholarships	\$ 174,266
Purpose restricted - Campus Renovations	114,375
Purpose restricted - Specific Programs	2,014,808
Time - restricted	<u>140,000</u>
Total temporarily restricted net assets	<u><u>\$ 2,443,449</u></u>

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

Years Ending June 30,	Amount
<u>2018</u>	\$ 110,000
2019	10,000
2020	10,000
2021	<u>10,000</u>
	<u><u>\$ 140,000</u></u>

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2017

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

During the year ended June 30, 2017, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes or time restriction:

Award of scholarships	\$ 394,651
Capital improvement projects	549,839
Programs	1,296,073
Passage of time restrictions	<u>216,332</u>
Net assets released from restrictions	<u>\$ 2,456,895</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.

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.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2017

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

During the year ended June 30, 2017, APCH had the following endowment related activities:

Endowment Assets Investments, at fair value	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ 5,130	\$ -	\$ 200,000	\$ 205,130
Contributions	-	-	-	-
Investment income	1,102	-	-	1,102
Program expenditures	-	-	-	-
End of year	<u>\$ 6,232</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 206,232</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, 2017, the Company recognized an expense of \$51,156 for employees that are fully vested in the safe-harbor contributions.

NOTE 7 — LEASE COMMITMENT

APCH leases office equipment and a vehicle under non-cancelable operating leases that expire on various dates through 2021. Rental equipment expenses for the year ended June 30, 2017 were \$28,049, which is included in the accompanying statement of functional expenses. The future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	
2018	\$ 20,295
2019	20,033
2020	20,033
2021	<u>797</u>
	<u>\$ 61,158</u>