

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

FINANCIAL STATEMENTS

Year Ended June 30, 2018
(With Comparative Totals to June 30, 2017)



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

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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, 2018, 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.

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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gursey | Schneider LLP

September 17, 2019
Los Angeles, California

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2018
(With Comparative Totals for June 30, 2017)

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,522,716	\$ 2,374,765
Contributions receivable (net present value)	894,310	1,341,961
Program goods inventory	70,974	101,505
Prepaid expenses and other assets	44,092	51,773
Total Current Assets	7,532,092	3,870,004
OTHER ASSETS		
Contributions receivable (net present value)	491,749	749,433
Property and equipment, net	5,862,814	5,168,716
Total Other Assets	6,354,563	5,918,149
TOTAL ASSETS	\$ 13,886,655	\$ 9,788,153

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 110,119	\$ 59,985
Accrued payroll and related liabilities	220,678	225,291
Total Liabilities	330,797	285,276
NET ASSETS		
Without donor restrictions	6,974,484	6,859,428
With donor restrictions	6,581,374	2,643,449
Total Net Assets	13,555,858	9,502,877
TOTAL LIABILITIES AND NET ASSETS	\$ 13,886,655	\$ 9,788,153

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Activities
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Contributions and grants	\$ 1,702,139	\$ 6,410,880	\$ 8,113,019	\$ 5,768,596
In-kind goods and services	1,876,567	-	1,876,567	1,850,462
Program revenue	354,191	-	354,191	-
Interest income	31,309	-	31,309	5,021
Other income (expense), net	38,574	-	38,574	25,675
Fundraising events:				
Gross revenue	1,497,755	-	1,497,755	1,263,245
Less: direct costs	(265,366)	-	(265,366)	(211,881)
Fundraising events, net	1,232,389	-	1,232,389	1,051,364
Released from restriction	2,472,955	(2,472,955)	-	-
TOTAL REVENUE AND SUPPORT	7,708,124	3,937,925	11,646,049	8,701,118
EXPENSES				
Program services	5,893,640	-	5,893,640	5,267,490
Supporting services	855,580	-	855,580	772,660
Fundraising	843,848	-	843,848	745,103
TOTAL EXPENSES	7,593,068	-	7,593,068	6,785,253
CHANGE IN NET ASSETS	115,056	3,937,925	4,052,981	1,915,865
NET ASSETS - Beginning of Year	6,859,428	2,643,449	9,502,877	7,587,012
NET ASSETS - End of Year	\$ 6,974,484	\$ 6,581,374	\$ 13,555,858	\$ 9,502,877

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, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018			2017	
	Program Expenses	Support Services	Fundraising Expenses	Total Expenses	Total Expenses
Salaries and Expenses					
Salaries and wages	\$ 2,255,538	\$ 349,830	\$ 482,882	\$ 3,088,250	\$ 2,802,913
Payroll taxes	166,914	43,265	34,788	244,967	199,739
Employee benefits	297,260	40,474	36,114	373,848	319,801
Total Salaries and Expenses	2,719,712	433,569	553,784	3,707,065	3,322,453
Other Expenses					
Advertising	6	10,635	2,585	13,226	15,085
Auto expense	15,236	2,681	3,309	21,226	24,120
Bank charges	7,297	4,992	44,165	56,454	37,722
Depreciation	197,615	22,000	27,000	246,615	198,311
Dues and subscriptions	2,227	1,575	1,399	5,201	2,257
Education and training	11,923	6,797	1,005	19,725	14,295
Equipment rental	11,083	6,528	2,786	20,397	28,049
Food costs	68,237	1,290	973	70,500	57,020
In-kind goods	842,070	58,188	24,350	924,608	1,149,260
Insurance	41,519	16,136	2,237	59,892	52,741
Office expenses	65,665	29,258	21,154	116,077	74,748
Outside services	26,616	64,329	16,339	107,284	106,754
Postage	9,548	904	3,481	13,933	11,693
Printing	25,878	683	18,350	44,911	60,991
Professional fees	19,345	49,374	98,882	167,601	190,427
Professional fees donated	302,192	94,623	-	396,815	616,347
Program related expenses	817,926	-	-	817,926	188,524
Repairs and maintenance	81,400	4,195	2,693	88,288	48,097
Scholarships	363,163	-	-	363,163	297,695
Stipends	56,548	-	-	56,548	45,270
Supplies	85,524	-	-	85,524	67,656
Taxes and licenses	29,976	41,638	5,588	77,202	76,764
Telephone	13,878	3,540	2,364	19,782	16,238
Travel	23,261	460	52	23,773	13,725
Utilities	55,795	2,185	2,862	60,842	66,322
Website development	-	-	8,490	8,490	2,689
Total Other Expenses	3,173,928	422,011	290,064	3,886,003	3,462,800
TOTAL EXPENSES (2018)	\$ 5,893,640	\$ 855,580	\$ 843,848	\$ 7,593,068	
<i>Percent of total expenses</i>	<i>78%</i>	<i>11%</i>	<i>11%</i>	<i>100%</i>	
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>

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, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,052,981	\$ 1,915,865
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	246,615	198,311
(Increase) decrease in:		
Contributions receivable	705,335	(1,584,594)
Program goods inventory	30,531	(43,235)
Prepaid expenses and other assets	7,681	(34,793)
Increase (decrease) in:		
Accounts payable and accrued expenses	50,134	27,448
Accrued payroll and related liabilities	(4,613)	29,399
	5,088,664	508,401
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(940,713)	(614,298)
	4,147,951	(105,897)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS - Beginning of Year	2,374,765	2,480,662
CASH AND CASH EQUIVALENTS - End of Year	\$ 6,522,716	\$ 2,374,765

See Accompanying Notes to Financial Statements

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2018

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 25th year of operations in 2018. 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 400 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 up to 400 bags of groceries to families each month.
- Hosting more than 1,200 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.
- At Da Vinci RISE at APCH, students recover credits, obtain high school diplomas, prepare for the GED examinations, participate in college and career training, finding internships, receive counseling, and access extracurricular activities. Da Vinci RISE High at APCH fortifies A Place Called Home's commitment to reach the most at-risk young people in our community with the services necessary to turn their lives in a positive direction.

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, 2017, from which the summarized information was derived.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2018

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

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:

- **Without Donor Restrictions** – Net assets are not subject to donor-imposed stipulations. Net assets without donor restrictions 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, 2018, APCH had net assets without donor restrictions of \$6,974,484.
- **With Donor Restrictions** – Net assets that are subject to donor-imposed restrictions that limit the use of their contributions. Donor restrictions may result in *temporarily restricted net assets*, where the use of contributions is limited by donor-imposed stipulations that either expire by the passage of time or when used for specified purposes. Donor restrictions may also result in *permanently restricted net assets*, where the donor stipulates that resources are to be maintained permanently, but permits APCH to expend all of the income (or other economic benefits) derived from the donated assets. At June 30, 2018, the Organization had \$6,381,374 in temporarily restricted, donor-restricted net assets and \$200,000 in permanently restricted, donor-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 2.52%. 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, 2018.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2018

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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, 2018 was \$1,497,755 and \$265,366, respectively. The net amount of \$1,232,389 is included as part of revenue and support in the accompanying statement of activities.

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 \$70,974 were held as of June 30, 2018. 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, 2018.

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, 2018, APCH received approximately \$894,076 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, 2018, APCH received approximately \$982,491 of professional donated services for the Da Vinci RISE at APCH program, other program teachers and counselors, legal, landscape design, and classroom instruction services. These amounts are included as part of professional fees donated for \$396,815 and program related expenses for \$585,676 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.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2018

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 is subject to unrelated business income tax for income from operating activities not related to their exempt purpose. Unrelated business income is taxed based on the applicable statutory federal and state income tax rates for for-profit organizations. During the year ended June 30, 2018, APCH estimates it will be subject to up to \$4,352 of tax related non-deductible transportation benefits and parking provided to employees.

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 2015 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 2014 and subsequent.

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 the Organization's financial statements and related disclosures.

In May 2014, FASB issued ASU 2014-09, "*Revenue from Contracts with Customers*," which requires 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 ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. In July 2015, the FASB approved a one-year deferral of this standard, with a revised effective date for fiscal years beginning after December 15, 2017. Early adoption is permitted, although not prior to fiscal years beginning after December 15, 2016. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. Management is currently evaluating the impact this change in accounting standards will have on the Organization's financial statements and related disclosures and has not yet selected a transition method.

Concentrations of Risk — There is one donor that makes up approximately 35% 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.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2018

NOTE 3 — LIQUIDITY AND AVAILABILITY

Financial assets consist of the Organization's cash and cash equivalents and contributions receivable. The following table summarizes the Organization's financial assets as of June 30, 2018, reduced by amounts not available for general use within one year of June 30, 2018.

Financial assets available to meet cash needs for general expenditures within one year represent funding for ongoing operational requirements and planned increases for program expenditures in 2019.

<u>Financial Assets at June 30, 2018</u>	
Cash and cash equivalent	\$ 6,522,716
Contributions receivable (Net present value)	<u>1,386,059</u>
	7,908,775
Less assets unavailable for general expenditures within one year:	
Contributions receivable (long term)	(491,749)
Restricted by donors with time restrictions	(220,000)
Restricted by donors with purpose restrictions	(6,161,374)
Endowment net assets	<u>(200,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 835,652</u></u>

The Organization's financial assets available to meet cash needs for general expenditures within one year represent funding for ongoing operational requirements and planned increase in program expenditure in 2019.

The Organization has an investment policy authorized by the board of directors that provides guidance and oversight for the management of cash and cash equivalents. The policy provides that the Organization maintain an adequate level of cash to meet on-going operational and liquidity requirements. All liquid assets are invested in cash and cash equivalents at December 31, 2018.

NOTE 4 — CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2018 are composed of the following:

Receivable in less than one year	\$ 894,310
Receivable in one to five years	<u>539,950</u>
	1,434,260
Less: present value discount	<u>(48,201)</u>
Total contributions receivable	<u><u>\$ 1,386,059</u></u>

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2018

NOTE 5 — PROPERTY AND EQUIPMENT

Property and equipment held for use by APCH is comprised of the following at June 30, 2018:

Building improvements	\$ 4,749,231
Land	1,000,865
Building	643,000
Equipment	412,981
Computer equipment	311,467
Vehicles	129,815
Recording studio equipment	95,701
Furniture	<u>62,706</u>
	7,405,766
Less: accumulated depreciation	<u>(1,542,952)</u>
Total property and equipment, net	<u><u>\$ 5,862,814</u></u>

Depreciation expense for the year ended June 30, 2018 was \$246,615.

NOTE 6 — NET ASSETS WITH DONOR RESTRICTION

Temporarily restricted net assets as of June 30, 2018 consist of the following:

Purpose restricted - scholarships	\$ 361,004
Purpose restricted - campus renovations	3,910,000
Purpose restricted - specific programs	1,890,370
Time - restricted	<u>220,000</u>
Total temporarily restricted net assets	<u><u>\$ 6,381,374</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,	
<u>2019</u>	\$ 150,000
2020	60,000
2021	<u>10,000</u>
	<u><u>\$ 220,000</u></u>

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2018

NOTE 6 — NET ASSETS WITH DONOR RESTRICTION – (CONTINUED)

During the year ended June 30, 2018, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes or time restriction:

Award of scholarships	\$ 170,915
Capital improvement projects	90,000
Programs and scholarships	2,067,040
Passage of time restrictions	<u>145,000</u>
Net assets released from restrictions	<u><u>\$ 2,472,955</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.

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, 2018, APCH had the following endowment related activities:

Endowment Assets Investments, at fair value	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ 6,232	\$ -	\$ 200,000	\$ 206,232
Investment income	860	-	-	860
Program expenditures	<u>(6,721)</u>	<u>-</u>	<u>-</u>	<u>(6,721)</u>
End of year	<u><u>\$ 371</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 200,000</u></u>	<u><u>\$ 200,371</u></u>

Endowment assets are invested in a money market account.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2018

NOTE 7 — 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, 2018, the Company recognized an expense of \$49,742 for employees that are fully vested in the safe-harbor contributions.

NOTE 8 — LEASE COMMITMENTS

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, 2018 were \$20,397, which is included in the accompanying statement of functional expenses. The future minimum lease payments are as follows:

<u>Years Ending</u>	
2019	\$ 20,033
2020	20,033
2021	<u>797</u>
	<u>\$ 40,863</u>

NOTE 9 — SUBSEQUENT EVENTS

Management has reviewed subsequent events through September 17, 2019 the date that the financial statements were available to be issued. The following subsequent events were identified:

- On December 19, 2018, the Organization received a donated property at 2806 S. Central Avenue, one block away from the current location. Prior to the donation, the Organization has been renting the space for parking.
- APCH purchased an adjacent property for \$470,000 on March 27, 2019 for campus expansion.
- APCH hired an architect to build a new building on the campus for the capital campaign.