

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

FINANCIAL STATEMENTS

Year Ended June 30, 2019
(With Comparative Totals to June 30, 2018)



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, 2019, and the related statements of activities and changes 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.

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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 17, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Subsequent Event and Uncertainty

As discussed in Note 9 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Gursey | Schneider LLP

June 12, 2020
Los Angeles, California

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2019
(With Comparative Totals for June 30, 2018)

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,172,878	\$ 6,522,716
Contributions receivable, current portion	1,283,171	894,310
Program goods inventory	18,136	70,974
Prepaid expenses and other assets	42,290	44,092
Total Current Assets	6,516,475	7,532,092
OTHER ASSETS		
Contributions receivable, net of current portion	168,567	491,749
Property and equipment, net	6,708,791	5,862,814
Total Other Assets	6,877,358	6,354,563
TOTAL ASSETS	\$ 13,393,833	\$ 13,886,655

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 94,559	\$ 110,119
Accrued payroll and related liabilities	230,255	220,678
Total Liabilities	324,814	330,797
NET ASSETS		
Without donor restrictions	7,215,011	6,974,484
With donor restrictions	5,854,008	6,581,374
Total Net Assets	13,069,019	13,555,858
TOTAL LIABILITIES AND NET ASSETS	\$ 13,393,833	\$ 13,886,655

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Contributions and grants	\$ 2,153,062	\$ 1,491,045	\$ 3,644,107	\$ 8,113,019
In-kind goods and services	2,394,699	-	2,394,699	1,876,567
Program revenue	327,711	-	327,711	354,191
Interest income	56,582	-	56,582	31,309
Other income (expense), net	-	-	-	38,574
Fundraising events:				
Gross revenue	1,925,744	-	1,925,744	1,497,755
Less: direct costs	(356,519)	-	(356,519)	(265,366)
Fundraising events, net	1,569,225	-	1,569,225	1,232,389
Released from restriction	2,218,411	(2,218,411)	-	-
TOTAL REVENUE AND SUPPORT	8,719,690	(727,366)	7,992,324	11,646,049
EXPENSES				
Program services	6,520,909	-	6,520,909	5,893,640
Supporting services	1,007,483	-	1,007,483	855,580
Fundraising	950,771	-	950,771	843,848
TOTAL EXPENSES	8,479,163	-	8,479,163	7,593,068
CHANGE IN NET ASSETS	240,527	(727,366)	(486,839)	4,052,981
NET ASSETS - Beginning of Year	6,974,484	6,581,374	13,555,858	9,502,877
NET ASSETS - End of Year	\$ 7,215,011	\$ 5,854,008	\$ 13,069,019	\$ 13,555,858

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018	
	Program Expenses	Support Services	Fundraising Expenses	Total Expenses	Total Expenses
Salaries and Expenses					
Salaries and wages	\$ 2,550,818	\$ 404,559	\$ 507,653	\$ 3,463,030	\$ 3,088,250
Payroll taxes	189,721	34,548	35,571	259,840	276,635
Employee benefits	329,932	46,301	51,757	427,990	373,848
Total Salaries and Expenses	3,070,471	485,409	594,980	4,150,860	3,738,733
Other Expenses					
Advertising	2,058	6,859	29,763	38,680	13,226
Auto expense	25,667	6,364	2,117	34,148	21,226
Bank charges	15,086	20,476	55,173	90,735	56,454
Contributions	15,090	-	-	15,090	15,000
Depreciation	217,320	42,462	10,234	270,015	246,615
Dues and subscriptions	657	8,973	-	9,630	5,201
Education and training	17,789	5,947	-	23,736	19,725
Equipment rental	13,953	11,815	1,350	27,118	20,397
Food costs	107,745	3,748	5,875	117,368	70,500
In-kind goods	857,970	14,686	318	872,974	924,608
Insurance	9,736	-	-	9,736	59,892
Office	15,690	33,492	37,255	86,437	124,493
Outside services	41,658	106,029	50,392	198,079	107,284
Postage	585	1,832	2,488	4,905	13,933
Printing and publications	14,270	327	34,656	49,253	44,911
Professional fees	878	164,209	27,198	192,285	167,601
Professional fees donated	172,425	64,603	70,447	307,475	396,815
Program related expenses	1,196,948	40	4,667	1,201,655	817,926
Repairs and maintenance	67,125	6,577	3,321	77,022	88,288
Scholarships	393,806	-	-	393,806	363,163
Stipends	65,697	-	-	65,697	56,548
Supplies	93,257	14,312	4,234	111,803	85,524
Taxes and licenses	21,216	3,097	520	24,833	22,118
Telephone	7,839	1,205	356	9,400	19,782
Travel	39,387	859	278	40,524	23,773
Utilities	36,586	4,164	1,647	42,397	60,842
Website development	-	-	13,502	13,502	8,490
Total Other Expenses	3,450,438	522,074	355,791	4,328,303	3,854,335
TOTAL EXPENSES (2019)	\$ 6,520,909	\$ 1,007,483	\$ 950,771	\$ 8,479,163	
<i>Percent of total expenses</i>	<i>77%</i>	<i>12%</i>	<i>11%</i>	<i>100%</i>	
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>

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (486,839)	\$ 4,052,981
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	270,015	246,615
Non-cash donation of land	(341,000)	-
(Increase) decrease in:		
Contributions receivable	(65,679)	705,335
Program goods inventory	52,838	30,531
Prepaid expenses and other assets	1,802	7,681
Increase (decrease) in:		
Accounts payable and accrued expenses	(15,560)	50,134
Accrued payroll and related liabilities	9,577	(4,613)
	(574,846)	5,088,664
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
	(574,846)	5,088,664
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(774,992)	(940,713)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,349,838)	4,147,951
CASH AND CASH EQUIVALENTS - Beginning of Year	6,522,716	2,374,765
CASH AND CASH EQUIVALENTS - End of Year	\$ 5,172,878	\$ 6,522,716

See Accompanying Notes to Financial Statements

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2019

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.

Over more than two decades, APCH has served more than 20,000 youth and provided college scholarships for more than 400 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 4,000 to 5,000 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 20,000 hours of service annually.
- Providing more than 10,000 hours of mental health services 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, 2018, from which the summarized information was derived.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2019

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, 2019, APCH had net assets without donor restrictions of \$7,215,011.
- **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, 2019, the Organization had \$5,654,008 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, 2019.

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2019

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, 2019 was \$1,925,744 and \$356,519, respectively. The net amount of \$1,569,225 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. Costs directly related to program and support services are charged directly to the functional category. Indirect costs not directly chargeable to a functional category have been allocated. Management allocates salaries and related employee benefits to functional categories based on approximation of labor hours spent between program and supporting services, and allocates facilities and overhead costs based on approximate square footage of facilities usage. Management believes labor hours and space utilization is the most representative allocation for indirect costs.

Program Goods Inventory — In-kind donations, which consist of donated equipment, clothing, school supplies and other goods, totaling \$18,136 were held as of June 30, 2019. 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, 2019.

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, 2019, APCH received approximately \$1,161,136 of donated goods and equipment. This amount includes \$341,000 of donated land from one donor. This land will be used for site development of the Center.
- **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, 2019, APCH received approximately \$926,905 of donated program services for the Da Vinci RISE at APCH. APCH also received donated other services for program teachers and counselors, legal, landscape design, medical professionals, and classroom instruction services. These amounts are included as part of professional fees donated for \$307,475 in the accompanying statement of functional expenses.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2019

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 may be 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. Management does not anticipate any income being subject to unrelated business income tax during the current year.

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 2016 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 2015 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, 2021 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.

Concentrations of Risk — Four organizations comprise approximately 77% of the contributions receivable. No other donor comprises more than 10% of the total.

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, 2019

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, 2019, reduced by amounts not available for general use within one year of June 30, 2019.

Financial assets available (unavailable) to meet cash needs for general expenditures within one year represent funding for ongoing operational requirements and program expenditures in 2020.

Cash and cash equivalent	\$ 5,172,878
Contributions receivable (Net present value)	<u>1,451,738</u>
Subtotal	6,624,616
Less assets unavailable for general expenditures within one year:	
Contributions receivable (long term)	(168,567)
Restricted by donors with time restrictions	(37,500)
Restricted by donors with purpose restrictions	(5,350,776)
Endowment net assets	<u>(200,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 867,773</u></u>

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 June 30, 2019.

NOTE 4 — CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2019 are composed of the following:

Receivable in less than one year	\$ 1,283,171
Receivable in one to five years	<u>197,500</u>
	1,480,671
Less: present value discount	<u>(28,933)</u>
Total contributions receivable	<u><u>\$ 1,451,738</u></u>

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2019

NOTE 5 — PROPERTY AND EQUIPMENT

Property and equipment held for use by APCH is comprised of the following at June 30, 2019:

Building improvements	\$ 4,966,781
Land	1,796,703
Building	643,000
Equipment	416,073
Computer equipment	385,363
Vehicles	129,815
Recording studio equipment	121,317
Furniture	<u>62,706</u>
	8,521,758
Less: accumulated depreciation	<u>(1,812,967)</u>
Total property and equipment, net	<u><u>\$ 6,708,791</u></u>

Depreciation expense for the year ended June 30, 2019 was \$270,015.

NOTE 6 — NET ASSETS WITH DONOR RESTRICTION

Temporarily restricted net assets as of June 30, 2019 consists of the following:

Purpose restricted - scholarships	\$ 497,511
Purpose restricted - campus renovations	3,910,000
Purpose restricted - specific programs	943,265
Time - restricted	<u>303,232</u>
Total temporarily restricted net assets	<u><u>\$ 5,654,008</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>2020</u>	\$ 265,732
2021	<u>37,500</u>
	<u><u>\$ 303,232</u></u>

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2019

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

During the year ended June 30, 2019, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes or time restriction:

Award of scholarships	\$ 393,806
Capital improvement projects	215,057
Programs and scholarships	1,372,048
Passage of time restrictions	<u>237,500</u>
Net assets released from restrictions	<u><u>\$ 2,218,411</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.

Permanently restricted net assets consist of the following:

Endowment	<u><u>\$ 200,000</u></u>
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A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2019

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

During the year ended June 30, 2019, APCH had the following endowment related activities:

<u>Endowment Assets</u> <u>Investments, at fair value</u>	<u>Unrestricted</u>	<u>Temporarily</u> <u>Restricted</u>	<u>Permanently</u> <u>Restricted</u>	<u>Total</u>
Beginning of year	\$ 371	\$ -	\$ 200,000	\$ 200,371
Investment income	863	-	-	863
End of year	<u>\$ 1,234</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 201,234</u>

Endowment assets are invested in a money market account.

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, 2019, the Company recognized an expense of \$55,490 for employees that are fully vested in the safe-harbor contributions.

NOTE 8 — 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, 2019 were \$27,118, which is included in the accompanying statement of functional expenses. The future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	
2020	\$ 20,033
2021	<u>797</u>
	<u>\$ 20,830</u>

During the 2019 fiscal year, APCH purchased property that will be used as a temporary employee parking lot until the constructions of the new building begins. This new building will allow APCH to increase their number of members, classrooms, and programs. The Center anticipates spending approximately \$20 million during the next several years to complete the construction of this new building. Management intends to fund this capital project by using existing and future funds raised for the capital campaign.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2019

NOTE 9 — SUBSEQUENT EVENTS – GLOBAL PANDEMIC AND OTHER MATTER

Management has reviewed subsequent events through June 12, 2020, the date that the financial statements were available to be issued. The following subsequent events were identified:

Global Pandemic

The 2019-20 Coronavirus pandemic is an ongoing global pandemic of Coronavirus disease (COVID-19). On March 11, 2020, the World Health Organization declared the outbreak of pandemic, and over 5 million cases have been confirmed in more than 185 countries and territories, with major outbreaks in the United States, China, Spain, Italy, France, Germany, and the United Kingdom. As a result, public health responses around the world have included closing of schools and businesses, travel restrictions, cancellation of events and gatherings, closures of nonessential workplaces, and quarantines.

Due to health and safety concerns, in March 2020, APCH closed the Center for daily student admission. Many of the programs the Center offers are being provided on-line through various distance learning platforms and many new activities are being provided. Overall, management continues to raise funds to support operations and the capital campaign and has reduced operating expenditures due to staff reductions in hours, reduction in use of facilities, and other savings. APCH also received a Payroll Protection Program loan issued by the U.S. Small Business Administration of \$964,685. The overall service and financial impact of the global pandemic is difficult to assess, but management remains committed to maintaining programs for its students, and employment for its staff.

Management believes that it has taken appropriate cash management, cost control, and board oversight measures to provide it with sufficient liquidity to meet the organization's future operating expenditures.

Other Matter

Lastly, on November 13, 2019, APCH was awarded a \$5 million grant to be paid over a five-year term. The grant monies will be used to continue the effective delivery of programs and to expand the number of students served in the surrounding community. On December 10, 2019, APCH received approximately \$1.1 million, which represents the first of five installments for this grant.