

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

FINANCIAL STATEMENTS

Year Ended June 30, 2020
(With Comparative Totals to June 30, 2019)

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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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gursey | Schneider LLP

May 27, 2021
Los Angeles, California

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,680,388	\$ 5,172,878
Contributions receivable, current portion	2,363,245	1,283,171
Program goods inventory	50,284	18,136
Prepaid expenses and other assets	12,297	42,292
Total Current Assets	10,106,214	6,516,477
OTHER ASSETS		
Contributions receivable, net of current portion	3,161,397	168,567
Property and equipment, net	6,526,595	6,708,791
Total Other Assets	9,687,992	6,877,358
TOTAL ASSETS	\$ 19,794,206	\$ 13,393,835
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 138,818	\$ 94,559
Accrued payroll and related liabilities	276,166	230,255
Loan payable - Paycheck Protection Program	966,688	-
Total Liabilities	1,381,672	324,814
NET ASSETS		
Without donor restrictions	8,853,741	7,215,013
With donor restrictions	9,558,793	5,854,008
Total Net Assets	18,412,534	13,069,021
TOTAL LIABILITIES AND NET ASSETS	\$ 19,794,206	\$ 13,393,835

See Accompanying Notes to Financial Statements

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Contributions and grants	\$ 4,279,993	\$ 6,701,177	\$ 10,981,170	\$ 3,644,107
In-kind goods and services	2,054,777	-	2,054,777	2,394,699
Program revenue	251,487	-	251,487	327,711
Interest income	40,621	-	40,621	56,582
Fundraising events:				
Gross revenue	1,594,814	-	1,594,814	1,925,744
Less: direct costs	(296,415)	-	(296,415)	(356,519)
Fundraising events, net	1,298,399	-	1,298,399	1,569,225
Released from restriction	2,996,392	(2,996,392)	-	-
TOTAL REVENUE AND SUPPORT	10,921,669	3,704,785	14,626,454	7,992,324
EXPENSES				
Program services	7,021,935	-	7,021,935	6,520,909
Supporting services	1,064,224	-	1,064,224	1,007,483
Fundraising	1,196,782	-	1,196,782	950,769
TOTAL EXPENSES	9,282,941	-	9,282,941	8,479,161
CHANGE IN NET ASSETS	1,638,728	3,704,785	5,343,513	(486,837)
NET ASSETS - Beginning of Year	7,215,013	5,854,008	13,069,021	13,555,858
NET ASSETS - End of Year	\$ 8,853,741	\$ 9,558,793	\$ 18,412,534	\$ 13,069,021

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, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019	
	Program Expenses	Support Services	Fundraising Expenses	Total Expenses	Total Expenses
SALARIES AND EXPENSES					
Salaries and wages	\$ 2,726,776	\$ 399,024	\$ 709,588	\$ 3,835,388	\$ 3,463,030
Payroll taxes	181,463	64,733	50,714	296,910	259,840
Employee benefits	258,113	34,427	52,324	344,864	427,990
Total Salaries and Expenses	3,166,352	498,184	812,626	4,477,162	4,150,860
OTHER EXPENSES					
Advertising	7,988	15,024	70,163	93,175	38,680
Auto expense	12,799	3,645	3,095	19,539	34,148
Bank charges	2,370	58,828	8,067	69,265	90,735
Charitable contributions	40,000	-	15,000	55,000	15,090
Depreciation	401,490	39,474	7,671	448,635	270,015
Dues and subscriptions	3,008	1,831	2,310	7,149	9,630
Education and training	13,011	4,470	2,894	20,375	23,736
Equipment rental	6,880	15,824	1,529	24,233	27,118
Food costs	57,722	2,678	1,635	62,035	117,368
In-kind goods	739,468	-	-	739,468	872,974
Insurance	49,909	5,075	14,582	69,566	9,736
Office	53,160	42,895	8,462	104,517	86,437
Outside services	115,617	165,566	159,852	441,035	198,079
Postage	402	933	1,830	3,165	4,905
Printing and publications	5,220	1,591	2,296	9,107	49,253
Professional fees	-	145,125	46,679	191,804	192,285
Professional fees donated	134,194	29,372	16,003	179,569	307,475
Program related expenses	1,390,238	23	1,806	1,392,067	1,201,655
Repairs and maintenance	65,835	11,483	6,777	84,095	77,022
Scholarships	451,439	-	-	451,439	393,806
Stipends	44,755	-	-	44,755	65,697
Supplies	114,192	1,517	2,712	118,421	111,803
Taxes and licenses	16,593	-	1,026	17,619	24,833
Telephone	29,214	4,027	4,354	37,595	9,400
Travel	30,228	-	670	30,898	40,524
Utilities	69,851	16,659	1,573	88,083	42,397
Website hosting	-	-	3,170	3,170	13,500
Total Other Expenses	3,855,583	566,040	384,156	4,805,779	4,328,301
TOTAL EXPENSES (2020)	\$ 7,021,935	\$ 1,064,224	\$ 1,196,782	\$ 9,282,941	
<i>Percent of total expenses</i>	<i>76%</i>	<i>11%</i>	<i>13%</i>	<i>100%</i>	
			**		
TOTAL EXPENSES (2019)	\$ 6,520,909	\$ 1,007,483	\$ 950,769		\$ 8,479,161
<i>Percent of total expenses</i>	<i>77%</i>	<i>12%</i>	<i>11%</i>		<i>100%</i>

** Of the total expense amount allocated to fundraising in FY 2020, approximately \$122,000 (10%) was incurred for capital campaign fundraising.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Cash Flows
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,343,513	\$ (486,837)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	448,635	270,015
Non-cash donation of property improvements	(26,321)	-
Non-cash donation of land	-	(341,000)
(Increase) decrease in:		
Contributions receivable	(4,072,904)	(65,679)
Program goods inventory	(32,148)	52,838
Prepaid expenses and other assets	29,995	1,800
Increase (decrease) in:		
Accounts payable and accrued expenses	44,259	(15,560)
Accrued payroll and related liabilities	45,911	9,577
	1,780,940	(574,846)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
	1,780,940	(574,846)
CASH FLOWS USED IN INVESTING ACTIVITY		
Purchases of property and equipment	(240,118)	(774,992)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from loan - Paycheck Protection Program	966,688	-
	2,507,510	(1,349,838)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	2,507,510	(1,349,838)
CASH AND CASH EQUIVALENTS - Beginning of Year	5,172,878	6,522,716
CASH AND CASH EQUIVALENTS - End of Year	\$ 7,680,388	\$ 5,172,878

See Accompanying Notes to Financial Statements

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2020

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 22,000 youth and provided college scholarships for more than 500 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.

Global Pandemic and Contingency

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The global economy and financial markets have been impacted by the global outbreak as of the date of this report and management continues to monitor conditions. APCH is following local, state, and federal pandemic guidance.

Due to health and safety concerns, in March 2020, APCH closed the Center for daily student admission. Since temporarily suspending regular operations on campus, APCH pivoted by activating its donor base and adding more new funders than in any previous year. APCH stepped up to provide hundreds of kids with high quality virtual programs and services and launched the Family Resource Depot and Direct Assistance program to feed hungry families and deliver household necessities and emergency financial support to those in dire need, but ineligible for public support. Since temporarily suspending regular operations on campus, APCH launched:

- The APCH Family Resource Depot delivered over 500,000 meals in the form of groceries, as well as household necessities, books, and art supplies to local families in need.

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2020

NOTE 1 – ORGANIZATION – (CONTINUED)

- The online APCH Programs Hub provided members with daily access to academic tutoring, mental health counseling, robust arts programming, athletics, and intensive college preparation and career readiness support. Since the campus closure, average attendance has increased from 150 unique students per month to 398 over the course of the pandemic. As of March 2021, APCH currently serves 669 members who received 8,427 hours of programming and services. That includes 174,651 touches & interactions between staff and members since pivoting to work from home.

In fiscal years 2019-2020 and 2020-2021, management continued to raise funds to support operations and the capital campaign and reduced operating expenditures due to staff reductions in hours, reduction in use of facilities, and other savings. The overall service and financial impact of the global pandemic is difficult to assess, but management remains committed to maintaining programs for APCH members and employment for its staff. In April 2021, as conditions improve and as permitted by state and local health guidance, management is resuming in-person programs on site. Management has taken appropriate cash management, cost control, and board oversight measures to provide sufficient liquidity to meet the Organization's future operating expenditures.

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, 2019, 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.

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.

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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, 2020, APCH had net assets without donor restrictions of \$8,853,741.
- **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, 2020, the Organization had \$9,358,793 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 0.20%. 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, 2020.

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. The following is a summary of special event income in the accompanying statement of activities:

	Revenues	Expenses	Net
Gala	\$ 1,491,114	\$ (259,161)	\$ 1,231,953
All Other Events	103,700	(37,254)	66,446
	\$ 1,594,814	\$ (296,415)	\$ 1,298,399

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Program Goods Inventory - In-kind donations, which consist of donated equipment, clothing, school supplies and other goods, totaling \$50,284 were held as of June 30, 2020. 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, 2020.

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, 2020, APCH received approximately \$772,510 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, 2020, APCH received approximately \$1,076,377 of donated program services for the Da Vinci RISE at APCH. APCH also received \$205,890 of donated other services for program teachers and counselors, legal, landscape design, medical professionals, and classroom instruction services.

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.

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
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Notes to Financial Statements
June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 2017 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 2016 and subsequent.

Concentrations of Risk - Ten donors provided approximately 68% of financial contributions and no other donors provided more than 10% of the total. Two donors comprise approximately 77% of the contributions receivable. No other donor comprises more than 10% of the total.

Impact of Recently Issued Accounting Pronouncements – Effective July 1, 2019, the Organization adopted ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed restriction. There was no material effect on the Foundation's financial statements as the adoption of ASU No. 2018-08 did not result in a change to how it accounts for revenue from contributions.

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.

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

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2020

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, 2020, reduced by amounts not available for general use within one year of June 30, 2020.

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	\$ 7,680,388
Contributions receivable (net present value)	<u>5,524,642</u>
 Subtotal	 13,205,030
 Less assets unavailable for general expenditures within one year:	
Contributions receivable (long term) - excluding purpose restricted amounts	(276,067)
Restricted by donors with purpose restrictions	(8,898,062)
Endowment net assets	<u>(200,000)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 3,830,901</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, 2020.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2020 are composed of the following:

Receivable in less than one year	\$ 2,363,245
Receivable in one to five years	<u>3,190,330</u>
	5,553,575
Less: present value discount	<u>(28,933)</u>
 Total contributions receivable, net	 <u><u>\$ 5,524,642</u></u>

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2020

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following at June 30, 2020:

Building improvements	\$ 4,901,007
Land	1,796,703
Building	643,000
Equipment	502,134
Computer equipment	419,222
Vehicles	129,815
Recording studio equipment	124,362
Construction in progress	62,947
Furniture	<u>62,706</u>
	8,641,896
Less: accumulated depreciation	<u>(2,115,301)</u>
Total property and equipment, net	<u>\$ 6,526,595</u>

Depreciation expense for the year ended June 30, 2020 was \$448,635.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTION

Temporarily restricted net assets as of June 30, 2020 consists of the following:

Purpose restricted - scholarships	\$ 454,515
Purpose restricted - campus renovations	3,628,579
Purpose restricted - specific programs	4,814,968
Time - restricted	<u>460,731</u>
Total temporarily restricted net assets	<u>\$ 9,358,793</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>2021</u>	\$ 160,731
2022	100,000
2023	100,000
2024	<u>100,000</u>
	<u>\$ 460,731</u>

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2020

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

During the year ended June 30, 2020, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes or time restriction:

Award of scholarships	\$ 452,156
Capital improvement projects	281,421
Programs and scholarships	1,927,583
Passage of time restrictions	<u>335,232</u>
Net assets released from restrictions	<u>\$ 2,996,392</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 deciding 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>\$ 200,000</u>
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A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2020

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

During the year ended June 30, 2020, APCH had the following endowment related activities:

Endowment Assets Investments, at fair value	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ 1,234	\$ -	\$ 200,000	\$ 201,234
Investment income, net of fees	<u>(145)</u>	<u>-</u>	<u>-</u>	<u>(145)</u>
End of year	<u>\$ 1,089</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 201,089</u>

Endowment assets are invested in a certificate of deposit 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, 2020, the Company recognized an expense of \$53,328 for employees that are fully vested in the safe-harbor contributions.

NOTE 8 - COMMITMENTS

APCH leases office equipment under non-cancelable operating leases that expires through 2024. Rental equipment expenses for the year ended June 30, 2020 were \$24,233. The future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	
2021	\$ 19,145
2022	18,348
2023	18,348
2024	<u>15,290</u>
	<u>\$ 71,131</u>

The Center anticipates spending approximately \$20 million during the next several years to complete the construction of the new building and welcome center. 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
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NOTE 9 - PAYCHECK PROTECTION PROGRAM LOAN

On May 5, 2020, APCH was able to secure a \$966,688 loan under the Paycheck Protection Program (“PPP”). The interest rate on the loan is 1.0% per annum. The loan matures on May 5, 2022 (“Maturity Date”).

According to the loan agreement, the first six months of interest were to be deferred to and payable on the Maturity Date and monthly interest payments were to commence seven months after the date of the loan. However, on June 5, 2020, the President signed into law the Paycheck Protection Program Flexibility Act of 2020 (“Flexibility Act”) which statutorily extended the covered period of the loan from 8 weeks to 24 weeks from the date of loan origination. The Flexibility Act also extended the deferral period of principal and interest for up to ten months after this 24-week covered period, or the date that the SBA forgives the loan. All principal and accrued interest payments are otherwise due on the Maturity Date. Management intends to satisfy all PPP requirements to obtain loan forgiveness for the entire loan and accrued interest amount.

NOTE 10 - SUBSEQUENT EVENTS

Management has reviewed subsequent events through May 27, 2021, the date that the financial statements were available to be issued. The following subsequent event was identified:

Second PPP Loan - On March 15, 2021, the APCH borrowed a second loan of \$869,905 under the Paycheck Protection Program (“PPP”) offered by the United States Small Business Administration (“SBA”). The interest rate on the loan is a fixed rate of 1.00% per annum. All outstanding principal plus all accrued unpaid interest is due on the Maturity Date, March 15, 2026. Regular monthly payments in the amount equal to one month’s accrued interest commences on the date on which the amount of forgiveness determined under section 1106 of the CARES Act is remitted. However, if the Foundation fails to apply for forgiveness within 10 months after the last day of the covered period defined in section 1106(a) of the CARES Act, the Company will pay regular monthly payments in an amount equal to one month’s accrued interest commencing on the date that is not earlier than the date that is then (10) months after the last day of such covered period, with all subsequent interest payments to be due on the same day of each month after that. Management intends to satisfy all PPP requirements to obtain loan forgiveness for the entire loan and accrued interest amount.