

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

FINANCIAL STATEMENTS

Year Ended June 30, 2023
(With Comparative Totals to June 30, 2022)

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of A Place Called Home (APCH), which comprise the statement of financial position as of June 30, 2023, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of APCH as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of APCH and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about APCH's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 APCH's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about APCH's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited APCH's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gursey | Schneider LLP

December 19, 2023
Los Angeles, California

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2023
(With Comparative Totals for June 30, 2022)

	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,398,623	\$ 4,662,514
Investments, at fair value	6,558,923	5,344,252
Contributions receivable, current portion	1,699,802	2,737,612
Prepaid expenses and other assets	154,842	57,588
Total Current Assets	9,812,190	12,801,966
OTHER ASSETS		
Contributions receivable, net of current portion	108,174	1,071,647
Property and equipment, net	6,153,010	6,089,446
Total Other Assets	6,261,184	7,161,093
TOTAL ASSETS	\$ 16,073,374	\$ 19,963,059
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 170,714	\$ 341,482
Accrued payroll and related liabilities	510,931	527,372
Total Liabilities	681,645	868,854
NET ASSETS		
Without donor restrictions	7,108,765	8,450,483
Without donor restrictions - board-designated reserves	2,000,000	2,000,000
With donor restrictions	6,282,964	8,643,722
Total Net Assets	15,391,729	19,094,205
TOTAL LIABILITIES AND NET ASSETS	\$ 16,073,374	\$ 19,963,059

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, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Contributions and grants	\$ 2,249,084	\$ 1,759,706	\$ 4,008,790	\$ 8,440,233
Contributions of non-financial assets	1,647,588	-	1,647,588	1,593,539
Program revenue	200,000	-	200,000	199,544
Investment income (loss), net	627,720	-	627,720	(807,400)
PPP loan forgiveness and other	29,580	-	29,580	881,557
Special events:				
Gross revenue	1,091,201	-	1,091,201	629,989
Less: direct costs	(258,567)	-	(258,567)	(101,729)
Fundraising events, net	832,634	-	832,634	528,260
Released from restriction	4,120,464	(4,120,464)	-	-
TOTAL REVENUE AND SUPPORT	9,707,070	(2,360,758)	7,346,312	10,835,733
EXPENSES				
Program services	8,635,332	-	8,635,332	7,749,976
Supporting services	1,087,380	-	1,087,380	1,120,489
Fundraising	1,326,076	-	1,326,076	1,131,442
TOTAL EXPENSES	11,048,788	-	11,048,788	10,001,907
CHANGE IN NET ASSETS	(1,341,718)	(2,360,758)	(3,702,476)	833,826
NET ASSETS - Beginning of Year	10,450,483	8,643,722	19,094,205	18,260,379
NET ASSETS - End of Year	\$ 9,108,765	\$ 6,282,964	\$ 15,391,729	\$ 19,094,205

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, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023			2022	
	Program Services	Support Services	Fundraising Expenses	Total Expenses	Total Expenses
SALARIES AND EXPENSES					
Salaries and wages	\$ 4,170,713	\$ 440,848	\$ 967,910	\$ 5,579,471	\$ 4,508,507
Payroll taxes	319,755	30,157	69,719	419,631	342,899
Employee benefits	305,758	124,130	50,123	480,011	454,320
Total Salaries and Expenses	4,796,226	595,135	1,087,752	6,479,113	5,305,726
OTHER EXPENSES					
Advertising	-	-	134	134	4,978
Auto expense	278	17,701	1,182	19,161	28,670
Bad debt expense	-	3,100	-	3,100	5,896
Bank charges	3,310	4,285	31,913	39,508	32,371
Contributed non-financial assets	1,466,594	17,833	790	1,485,217	1,591,405
Depreciation	269,169	7,226	8,314	284,709	297,949
Dues and subscriptions	2,191	3,712	5,624	11,527	4,558
Education and training	22,135	15,489	1,267	38,891	47,329
Equipment and other rentals	16,758	450	518	17,726	128,263
Food and nutrition costs	76,338	4,549	727	81,614	79,817
Insurance	56,650	15,219	12,683	84,552	72,720
Office	157,406	90,136	51,083	298,625	298,635
Outside services	144,264	79,084	25,196	248,544	282,084
Postage, printing and publications	621	281	20,385	21,287	23,149
Professional fees	106,209	154,031	34,021	294,261	372,559
Professional fees donated	94,588	45,683	22,100	162,371	20,965
Program related expenses	613,984	-	-	613,984	584,924
Repairs and maintenance	40,904	4,852	878	46,634	45,359
Scholarships and stipends	488,371	-	-	488,371	473,879
Supplies and materials	123,321	2,760	467	126,548	128,797
Taxes (refund) and licenses	(9,751)	2,226	(240)	(7,765)	19,891
Telephone	56,685	15,529	12,691	84,905	45,586
Travel	24,857	5,838	-	30,695	23,412
Utilities	84,224	2,261	2,601	89,086	78,134
Website hosting	-	-	5,990	5,990	4,851
Total Other Expenses	3,839,106	492,245	238,324	4,569,675	4,696,181
TOTAL EXPENSES (2023)	\$ 8,635,332	\$ 1,087,380	\$ 1,326,076	\$ 11,048,788	
<i>Percent of total expenses</i>	<i>78%</i>	<i>10%</i>	<i>12%</i>	<i>100%</i>	
TOTAL EXPENSES (2022)	\$ 7,749,976	\$ 1,120,489	\$ 1,131,442		\$ 10,001,907
<i>Percent of total expenses</i>	<i>77%</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, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (3,702,476)	\$ 833,826
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	284,709	297,949
Unrealized (gains) losses on investments	(405,367)	638,180
Realized (gains) losses on investments	(2,902)	342,790
Forgiveness of Paycheck Protection Program loan	-	(869,905)
(Increase) decrease in assets:		
Contributions receivable	2,001,283	662,273
Program goods inventory	-	23,777
Prepaid expenses and other assets	(97,254)	(15,102)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(170,768)	249,175
Accrued payroll and related liabilities	(16,441)	137,776
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(2,109,216)	2,300,739
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(348,273)	(47,334)
Purchases of investments	(3,292,039)	(7,909,102)
Proceeds from sales of investments	2,485,637	2,575,609
NET CASH USED IN INVESTING ACTIVITIES	(1,154,675)	(5,380,827)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,263,891)	(3,080,088)
CASH AND CASH EQUIVALENTS - Beginning of Year	4,662,514	7,742,602
CASH AND CASH EQUIVALENTS - End of Year	\$ 1,398,623	\$ 4,662,514

See Accompanying Notes to Financial Statements

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2023

NOTE 1 - ORGANIZATION

Overview:

A Place Called Home (APCH)'s mission is to inspire, encourage, and support the young people in South Los Angeles to achieve social, emotional, and economic success.

- APCH continues as a California nonprofit public benefit corporation, with a vision to create a world where a child's zip code does not determine their future.
- APCH receives its funding from fundraisers, grants and contributions from private foundations, corporations, and individuals.
- APCH is committed to a culture that fosters personal responsibility and celebrates creativity and diversity. Everything done at APCH is guided by its core R.E.A.C.H. values; Respect, Empathy, Accountability, Courage, and Hope.

Programs and Services:

- APCH offers a wide range of programs including educational and vocational support, arts education, community engagement, nutrition, athletics, and counseling.
- Programs operate year-round, with after school classes and services during the school year and all-day camps during the summer.
- Since 1993, APCH has served more than 125,000 youth and community members and has provided college scholarships to 528 students, most being first-generation college attendees.

Key Achievements and Impact During the Current Year:

- Retrofitting of all campus facilities for enhanced health, safety, and security.
- Engaging over 600 youth in various on-site programs.
- Providing weekly in-person programs to an average of 300 young people, with around 100 classes offered per week.
- Distributing thousands of bags of groceries and household essentials to 154 families through the Family Resource Depot; APCH provides up to 1,000 fresh meals and snacks through our Nutrition services each week.
- Financially supporting provided to 88 families for rent and utilities.
- Hosting of more than 880 volunteers.
- Provision of same day support and highly accessible ongoing mental health services to members and their families.
- Implementation of the first-ever agency-wide member surveys.
- Continuing to host Da Vinci RISE High School at APCH.
- Awarding college scholarships to 63 low-income young people, most first in their families to attend college.
- Hosted several free community events, including the Halloween Festival, Thanksgiving dinner and food distribution, Comic Art & Literacy Expo, Latinx Festival, and more.
- Distribution of holiday gifts to hundreds of families.

Commitment to the Community:

- All services continue to be provided free of charge, demonstrating APCH's commitment to supporting and uplifting the community.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2023

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, 2022, 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.

Investments - Investments are stated at fair value with unrealized gains and losses on investments resulting from fair value fluctuations recorded in the statement of activities in the period that such fluctuations occur. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded based on the recorded date. Interest income is recorded as earned on an accrual basis. Bond premiums and discounts are amortized to the first call date using a method that approximates the effective interest method. Realized gains and losses are recorded upon disposition of securities. Investment income and realized and unrealized gains and losses are recognized as unrestricted net assets unless their use is temporarily or permanently restricted by donors to a specified purpose or future period.

Program Goods Inventory - In-kind donations, which consist of donated equipment, clothing, school supplies and other goods, totaling \$157,468 as of June 30, 2023 were distributed to benefit the community during the year. The Organization did not hold any program goods inventory as of June 30, 2023.

Property and Equipment - Acquisition of property and equipment in excess of \$1,500 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 (5) to thirty-nine (39) years, using the straight-line method.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2023

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. On June 30, 2023, APCH had net assets without donor restrictions of \$9,108,765. Of this amount, the board of directors has designated \$2,000,000 (approximately 3-month reserve) to enable APCH to sustain operations should there be an interruption to funding due to unforeseen economic circumstances that would otherwise jeopardize programming, and to allow APCH to build capacity, which may include non-recurring expenses and staff development.
- **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 those 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, 2023, the Organization had \$6,082,964 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 4.70%. 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, 2023.

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. Costs associated with these events are presented net of the corresponding revenues. Total costs were \$258,567 and consist of direct event supplies, production and technical costs, and items directly incurred to produce the event.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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 to cover tuition, housing, and other educational expenses. 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, 2023.

Contributions of Non-Financial Assets -

- *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. Refer to Note 6 for details about donated goods.
- *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. Refer to Note 6 for details about donated 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 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.

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 2020 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 2019 and subsequent.

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Concentrations of Risk - No one donor contributed over 10% of revenues during the year ended June 30, 2023. One donor comprises approximately 52% of the total contributions receivable on June 30, 2023. No other donor comprises more than 10% of the total. Subsequent to year-end, APCH collected the full amount from the donor that comprised 52% of the total contributions receivable.

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

Subsequent Events - Management has reviewed subsequent events through December 19, 2023, the date that the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets consist of cash and cash equivalents, investments, and contributions receivable. The following table summarizes the Organization's financial assets as of June 30, 2023, reduced by amounts not available for general use within one year.

Cash and cash equivalents	\$ 1,398,623
Investments	6,558,923
Contributions receivable, current portion	<u>1,699,802</u>
Subtotal	9,657,348
Less assets unavailable for general expenditures within one year:	
Restricted by donors with purpose restrictions	(5,928,125)
Board designated reserves	(2,000,000)
Endowment net assets	<u>(200,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,529,223</u></u>

The Organization has an investment policy authorized by the board of directors that provides that the Organization maintain an adequate level of cash to meet on-going operational and liquidity requirements. In addition, the board has authorized a reserve of approximately three months of operating expenses for contingency purposes. All liquid assets are invested in cash and cash equivalents and investments on June 30, 2023.

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

APCH accounts for the fair value of its marketable securities in accordance with FASB ASC Topic 820, "Fair Value Measurements." ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2023

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS – (CONTINUED)

APCH utilized market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the evaluation technique. These inputs can be readily observable, market corroborated, or generally unobservable. APCH classifies fair value balances based on the observability of those inputs. ASC Topic 820 established a fair value hierarchy that prioritizes the inputs used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy defined by ASC Topic 820 are as follows:

- Level 1: Observable inputs such as quoted prices for identical instruments in active markets.
- Level 2: Inputs other than quoted prices in active markets that are observable either directly or indirectly through corroboration with observable market data.
- Level 3: Unobservable inputs in which there is little or no market data, which would require APCH to develop its own assumptions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. ASC Topic 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. These methods are used on a consistent basis and APCH has not made changes in the valuation techniques used.

The following is a summary of investments by fair value hierarchy:

	Fair Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Mutual Funds	\$ 1,357,019	\$ 1,357,019	\$ -	\$ -
Equities Securities	704,182	704,182	-	-
Exchange Traded Funds	1,211,853	1,211,853	-	-
Fixed Income Securities	3,285,869	-	3,285,869	-
	<u>\$ 6,558,923</u>	<u>\$ 3,273,054</u>	<u>\$ 3,285,869</u>	<u>\$ -</u>

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2023

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - (CONTINUED)

Investment income for the year ended June 30, 2023 is summarized as follows:

Interest and dividends	\$ 242,937
Realized gains	2,902
Unrealized gains	405,367
Less: Investment fees	<u>(23,486)</u>
	<u>\$ 627,720</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term. Such changes could materially affect the amounts reported in the statements of financial position and statements of activities.

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable on June 30, 2023 are composed of the following:

Receivable due in less than one year	\$ 1,699,802
Receivable due in one to five years	<u>113,333</u>
	1,813,135
Less: present value discount	<u>(5,159)</u>
Total contributions receivable, net	<u>\$ 1,807,976</u>

NOTE 6 - CONTRIBUTED NON-FINANCIAL ASSETS

For the year ended June 30, 2023, contributed non-financial assets recognized in the statements of activities included the following:

	Program Services	Support Services	Fundraising Expenses	Total
RISE program services	\$ 1,144,957	\$ -	\$ -	\$ 1,144,957
Professional services	94,588	45,683	22,100	162,371
Program supplies	127,034	13,916	790	141,740
Event tickets	38,536	2,517		41,053
Food and goods distribution	<u>156,067</u>	<u>1,400</u>	<u>-</u>	<u>157,467</u>
	<u>\$ 1,561,182</u>	<u>\$ 63,516</u>	<u>\$ 22,890</u>	<u>\$ 1,647,588</u>

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(A California Nonprofit Public Benefit Corporation)
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NOTE 6 - CONTRIBUTED NON-FINANCIAL ASSETS - (CONTINUED)

APCH recognized contributed non-financial assets as a separate line item in the accompanying statement of activities. Unless otherwise noted, contributed non-financial assets did not have donor-imposed restrictions.

RISE Program Services - APCH hosts the Da Vinci RISE High School, where students recover credits, obtain high school diplomas, prepare for the GED examination, participate in college, and career training, finding internships, receive counseling, and access extracurricular activities. Contributed RISE program services are valued and reported at the estimated fair value based on current rates for similar services. RISE program services were valued at \$1,144,957 for the year ended June 30, 2023. These items are allocated to program services.

Professional Services - The contributed services recognized are comprised of professional services from attorneys advising APCH on various administrative legal matters, consultation and design services for programs, and subscriptions for the education services department. Contributed services are valued and reported at the estimated fair value based on current rates for similar services. Contributed professional services were valued at \$162,371 for the year ended June 30, 2023. These items are allocated between program services (58%), support services (28%) and fundraising (14%).

Program Supplies - These program supplies are used to operate the community youth and family services center providing educational, vocational, and social support programs to children, youth, and families. These supplies are for school, art programs, personal protective equipment (masks, gloves, hand sanitizers), and the urban agriculture program. Contributed program supplies were valued based on estimated wholesale prices for identical or similar products if purchased in the region. Contributed program supplies were valued at \$141,740 for the year ended June 30, 2023. These items are allocated substantially all to program services.

Event Tickets - These event tickets are used primarily for the mentoring program. The tickets are mainly for sporting events and festivals in LA county. Contributed event tickets are valued and reported at the estimated fair value based on current rates for similar sporting and festival events. Contributed event tickets were valued at \$41,053 for the year ended June 30, 2023. These items are allocated to program services (90%) and support services (10%).

Food and Goods to Distribute - APCH receives food and goods donations from non-government sources and distributes the food and goods to members of the community. Contributed food and goods were valued based on estimated wholesale prices for identical or similar food and good products if purchased in the region. Contributed food and goods were valued at \$157,467 for the year ended June 30, 2023. Substantially all food and goods are allocated to program services.

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NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following on June 30, 2023:

Building improvements	\$	5,114,802
Land		1,796,703
Building		643,000
Equipment		612,751
Computer equipment		515,669
Vehicles		180,888
Recording studio equipment		124,362
Construction in progress		62,946
Furniture		<u>80,410</u>
		9,131,531
Less: accumulated depreciation		<u>(2,978,521)</u>
Total property and equipment, net	\$	<u><u>6,153,010</u></u>

All property and equipment are held for use. Depreciation expense for the year ended June 30, 2023 was \$284,709.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTION

Temporarily restricted net assets as of June 30, 2023 consists of the following:

	June 30, 2022	New Restricted Contributions	Restriction Releases	June 30, 2023
Purpose restricted - scholarships	\$ 400,000	\$ 482,755	\$ (802,100)	\$ 80,655
Purpose restricted - tech transformation	732,878	-	(122,302)	610,576
Purpose restricted - campus renovations	3,499,249	-	(137,753)	3,361,496
Purpose restricted - specific programs	3,048,902	1,156,094	(2,329,598)	1,875,398
Time - restricted	<u>762,693</u>	<u>120,857</u>	<u>(728,711)</u>	<u>154,839</u>
	<u>\$ 8,443,722</u>	<u>\$ 1,759,706</u>	<u>\$ (4,120,464)</u>	<u>\$ 6,082,964</u>

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

Year Ending	
June 30,	
<u>2024</u>	<u>\$ 154,839</u>

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NOTE 8 - NET ASSETS WITH DONOR RESTRICTION – (CONTINUED)

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
- The resources of the organization
- The investment policies.

Permanently restricted net assets consist of the following:

Endowment	<u>\$ 200,000</u>
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During the year ended June 30, 2023, APCH had the following endowment related activities:

Endowment Assets Investments, at fair value	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ 6,743	\$ -	\$ 200,000	\$ 206,743
Investment income	30,120	-	-	30,120
End of year	\$ 36,863	\$ -	\$ 200,000	\$ 236,863

Endowment assets are invested in one money market bank account.

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NOTE 9 - RETIREMENT PLAN

APCH sponsors a qualified pension plan that covers substantially all full-time employees attaining age 19 and having completed one year of service. 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 a non-elective match contribution equal to 100% of the employees' salary deferral up to 3% of their plan compensation, plus 50% of their salary deferral up to the next 2% of their plan compensation. During the year ended June 30, 2023, APCH recognized an expense of \$76,126. Employees are fully vested in these safe-harbor contributions.

NOTE 10 - COMMITMENTS

APCH has elected to not adopt FASB ASC 842, *Leases*, as the lease amounts are not material. APCH leases office equipment under non-cancelable operating leases that expire through 2027. Rental equipment expenses for the year ended June 30, 2023 were \$17,726. The future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	
2024	\$ 31,226
2025	15,936
2026	15,936
2027	<u>9,296</u>
	<u>\$ 72,394</u>