

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

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2021**  
**(With Comparative Totals to June 30, 2020)**



**Gursey | Schneider** LLP  
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## C O N T E N T S

	<b><u>Pages</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 – 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 16

## **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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gursey | Schneider LLP*

December 20, 2021  
Los Angeles, California

**A PLACE CALLED HOME**  
(A California Nonprofit Public Benefit Corporation)  
Statements of Financial Position  
June 30, 2021  
(With Comparative Totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 7,742,602	\$ 7,680,388
Investments, at fair value	991,729	-
Contributions receivable, current portion	2,084,529	2,363,245
Program goods inventory	23,777	50,284
Prepaid expenses and other assets	42,486	12,297
<b>Total Current Assets</b>	<u>10,885,123</u>	<u>10,106,214</u>
<b>OTHER ASSETS</b>		
Contributions receivable, net of current portion	2,387,003	3,161,397
Property and equipment, net	6,340,061	6,526,595
<b>Total Other Assets</b>	<u>8,727,064</u>	<u>9,687,992</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 19,612,187</u></u>	<u><u>\$ 19,794,206</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 92,307	\$ 138,818
Accrued payroll and related liabilities	389,596	276,166
Loan payable - Paycheck Protection Program	869,905	966,688
<b>Total Liabilities</b>	<u>1,351,808</u>	<u>1,381,672</u>
<b>NET ASSETS</b>		
Without donor restrictions	8,992,034	8,853,741
With donor restrictions	9,268,345	9,558,793
<b>Total Net Assets</b>	<u>18,260,379</u>	<u>18,412,534</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 19,612,187</u></u>	<u><u>\$ 19,794,206</u></u>

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, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES AND SUPPORT</b>				
Contributions and grants	\$ 3,238,901	\$ 2,201,789	\$ 5,440,690	\$ 10,981,170 *
In-kind goods and services	2,052,957	-	2,052,957	2,054,777
Program revenue	278,990	-	278,990	251,487
Investment income	35,632	-	35,632	40,621
Other income, PPP loan forgiveness	988,719	-	988,719	-
Special events:				
Gross revenue	730,531	-	730,531	1,594,814
Less: direct costs	(101,340)	-	(101,340)	(296,415)
Fundraising events, net	629,191	-	629,191	1,298,399
Released from restriction	2,492,237	(2,492,237)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>9,716,627</b>	<b>(290,448)</b>	<b>9,426,179</b>	<b>14,626,454</b>
<b>EXPENSES</b>				
Program services	7,487,107	-	7,487,107	7,021,935
Supporting services	1,007,819	-	1,007,819	1,064,224
Fundraising	1,083,408	-	1,083,408	1,196,782
<b>TOTAL EXPENSES</b>	<b>9,578,334</b>	<b>-</b>	<b>9,578,334</b>	<b>9,282,941</b>
<b>CHANGE IN NET ASSETS</b>	<b>138,293</b>	<b>(290,448)</b>	<b>(152,155)</b>	<b>5,343,513</b>
<b>NET ASSETS</b> - Beginning of Year	<b>8,853,741</b>	<b>9,558,793</b>	<b>18,412,534</b>	<b>13,069,021</b>
<b>NET ASSETS</b> - End of Year	<b>\$ 8,992,034</b>	<b>\$ 9,268,345</b>	<b>\$ 18,260,379</b>	<b>\$ 18,412,534</b>

\* Contributions revenue shown for the year ended June 30, 2020 includes one large, \$5.0 multi-year grant award.

**A PLACE CALLED HOME**  
(A California Nonprofit Public Benefit Corporation)  
**Statements of Functional Expenses**  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)

	2021				2020
	Program Expenses	Support Services	Fundraising Expenses	Total Expenses	Total Expenses
<b>SALARIES AND EXPENSES</b>					
Salaries and wages	\$ 3,026,353	\$ 361,572	\$ 731,983	\$ 4,119,908	\$ 3,835,388
Payroll taxes	217,288	46,848	54,589	318,725	296,910
Employee benefits	247,869	72,701	67,060	387,630	344,864
<b>Total Salaries and Expenses</b>	<b>3,491,510</b>	<b>481,121</b>	<b>853,632</b>	<b>4,826,263</b>	<b>4,477,162</b>
<b>OTHER EXPENSES</b>					
Advertising	-	-	15,788	15,788	93,175
Auto expense	815	8,466	510	9,791	19,539
Bad debt expense	-	95,000	-	95,000	-
Bank charges	788	17,083	25,776	43,647	69,666
Charitable contributions	6,350	-	-	6,350	55,000
Depreciation	245,770	28,618	6,172	280,560	448,635
Dues and subscriptions	1,888	2,523	3,034	7,445	7,149
Education and training	10,415	10,891	4,143	25,449	20,375
Equipment rental	21,002	884	750	22,636	24,233
Food and nutrition costs	63,158	752	115	64,025	62,035
In-kind goods distributed	906,520	-	8,748	915,268	739,468
Insurance	50,652	9,979	13,326	73,957	69,566
Office	98,369	49,827	78,815	227,011	104,198
Outside services	187,453	26,241	60,750	274,444	441,035
Postage, printing and publications	133	6,156	1,509	7,798	12,272
Professional fees	-	185,409	-	185,409	191,804
Professional fees donated	1,828	16,671	1,081	19,580	179,569
Program related expenses	1,705,843	-	-	1,705,843	1,392,067
Repairs and maintenance	21,207	22,552	240	43,999	84,095
Scholarships and stipends	413,244	-	-	413,244	496,194
Supplies and materials	135,712	8,308	348	144,368	118,339
Taxes and licenses	53,449	3,825	1,183	58,457	17,619
Telephone	11,762	31,581	1,657	45,000	37,604
Travel	4,957	-	-	4,957	30,898
Utilities	54,282	1,932	1,201	57,415	88,074
Website hosting	-	-	4,630	4,630	3,170
<b>Total Other Expenses</b>	<b>3,995,597</b>	<b>526,698</b>	<b>229,776</b>	<b>4,752,071</b>	<b>4,805,779</b>
<b>TOTAL EXPENSES (2021)</b>	<b>\$ 7,487,107</b>	<b>\$ 1,007,819</b>	<b>\$ 1,083,408</b>	<b>\$ 9,578,334</b>	
Percent of total expenses	78%	11%	11%	100%	
<b>TOTAL EXPENSES (2020)</b>	<b>\$ 7,021,935</b>	<b>\$ 1,064,224</b>	<b>\$ 1,196,782</b>		<b>\$ 9,282,941</b>
Percent of total expenses	76%	11%	13%		100%

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, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (152,155)	\$ 5,343,513
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	280,560	448,635
Unrealized (gains) losses on investments, net	7,432	-
Forgiveness of Paycheck Protection Program loan	(966,688)	-
Non-cash donation of property improvements	-	(26,321)
(Increase) decrease in assets:		
Contributions receivable	1,053,110	(4,072,904) *
Program goods inventory	26,507	(32,148)
Prepaid expenses and other assets	(30,189)	29,995
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(46,511)	44,259
Accrued payroll and related liabilities	113,430	45,911
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>285,496</u>	<u>1,780,940</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(94,026)	(240,118)
Purchases of investments	(999,161)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(1,093,187)</u>	<u>(240,118)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Proceeds from loan - Paycheck Protection Program	869,905	966,688
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	62,214	2,507,510
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>7,680,388</u>	<u>5,172,878</u>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<u><u>\$ 7,742,602</u></u>	<u><u>\$ 7,680,388</u></u>

\* Change in contributions receivable during the year ended June 30, 2020 includes a \$5.0 million grant award received during the year ended June 30, 2020.



**A PLACE CALLED HOME**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2021

**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 from 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.

In response to the COVID-19 global pandemic, APCH was able to adapt its service modality to provide all its programs online via the internet and was also able to expand its services to respond to urgent needs that emerged for its constituents.

Significant ongoing and new program accomplishments for the 2020-2021 fiscal year included:

- Retrofitting all campus facilities for health, safety, and security;
- Supporting 65 staff in setting-up work from home capacity;
- Providing COVID education, testing and safety equipment to staff and members;
- Serving an average of 250 young people each day with virtual and in-person programs;
- Providing an average of 100 virtual classes per week;
- Providing dozens of laptop computers for youth;
- Serving an average of 300 families per week with deliveries of thousands of bags of groceries, household essentials and program supplies for youth;
- Providing support for rent and utilities for hundreds of families that were falling behind on their bills;
- Hosting more than 500 volunteers;
- Providing on-call mental health services for dozens of members and their families;
- Hosting Da Vinci RISE High School at APCH, 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. *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
- Providing college scholarships to 80 young people, most the first in their families to go to college;
- Providing 50 virtual cultural events for members, families, and community members; and
- Providing toys and other gifts for hundreds of families over the holidays.

All services are provided free of charge.

**A PLACE CALLED HOME**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2021

**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, 2020, 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.

**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:

**A PLACE CALLED HOME**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2021

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

- **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, 2021, APCH had net assets without donor restrictions of \$8,992,034.
- **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, 2021, the Organization had \$9,068,345 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 0.4%. An estimate for uncollectible contributions is recorded against contributions. APCH has determined that no allowance against the contributions receivable is required as of June 30, 2021.

**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 \$101,340 and consist of direct event supplies, production and technical costs, and items directly incurred to produce the event.

**Program Goods Inventory** - In-kind donations, which consist of donated equipment, clothing, school supplies and other goods, totaling \$23,777 were held as of June 30, 2021. 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, 2021.

**A PLACE CALLED HOME**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2021

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**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, 2021, APCH received approximately \$888,761 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, 2021, APCH received approximately \$1,144,616 of donated program services for the Da Vinci RISE at APCH. APCH also received \$21,580 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 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.

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 2018 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 2017 and subsequent.

**A PLACE CALLED HOME**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2021

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Concentrations of Risk** - The top ten donors provided approximately 40% of financial contributions and no other donors provided more than 5% of the total. One donor comprises approximately 64% of the contributions receivable. No other donor comprises more than 10% of the total.

**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.

**Subsequent Events** – Management has reviewed subsequent events through December 20, 2021, the date that the financial statements were available to be issued.

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

Financial assets consist cash and cash equivalents, investments, and contributions receivable. The following table summarizes the Organization's financial assets as of June 30, 2021, reduced by amounts not available for general use within one year.

Cash and cash equivalents	\$ 7,742,602
Investments	991,729
Contributions receivable (net present value)	<u>4,471,532</u>
Subtotal	13,205,863
Less assets unavailable for general expenditures within one year:	
Contributions receivable (long term) - excluding purpose restricted amounts	(360,273)
Restricted by donors with purpose restrictions	(8,482,155)
Endowment net assets	<u>(200,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,163,435</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, 2021.

**A PLACE CALLED HOME**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2021

**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments represent marketable equity securities in the financial products industry that are stated at their fair value. Unrealized holding gains and (losses) on such securities, which are reported on the Statement of Activities and Statement of Cash Flows for the year ended June 30, 2021 was (\$7,431). Investment income and gains are reflected as increases in unrestricted net assets unless such income has an imposed restriction.

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.

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.

All fair value measurements at June 30, 2021 are based on quoted prices in active markets for identical assets (level 1). The following is a summary of investments by fair value hierarchy:

Investments	For the Year Ended June 30, 2021			
	Level 1	Level 2	Level 3	Total
Fixed maturity, exchanged-traded funds	\$ 991,729	\$ -	\$ -	\$ 991,729

**A PLACE CALLED HOME**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2021

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

Investment income for the year ended June 30, 2021, is summarized as follows:

Interest income	\$ 43,064
Unrealized losses, net	<u>(7,432)</u>
	<u>\$ 35,632</u>

**NOTE 5 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable at June 30, 2021 are composed of the following:

Receivable in less than one year	\$ 2,084,529
Receivable in one to five years	<u>2,407,980</u>
	4,492,509
Less: present value discount	<u>(20,977)</u>
Total contributions receivable, net	<u>\$ 4,471,532</u>

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment are comprised of the following at June 30, 2021:

Building improvements	\$ 4,937,856
Land	1,796,703
Building	643,000
Equipment	524,919
Computer equipment	453,615
Vehicles	129,815
Recording studio equipment	124,362
Construction in progress	62,946
Furniture	<u>62,706</u>
	8,735,922
Less: accumulated depreciation	<u>(2,395,861)</u>
Total property and equipment, net	<u>\$ 6,340,061</u>

All property and equipment are held for use. Depreciation expense for the year ended June 30, 2021 was \$280,560.

**A PLACE CALLED HOME**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2021

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTION**

Temporarily restricted net assets as of June 30, 2021 consists of the following:

Purpose restricted - scholarships	\$ 421,271
Purpose restricted - campus renovations	3,562,123
Purpose restricted - specific programs	4,498,761
Time - restricted	<u>586,190</u>
	<u><u>\$ 9,068,345</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>2022</u>	\$ 269,666
2023	237,500
2024	<u>79,024</u>
	<u><u>\$ 586,190</u></u>

During the year ended June 30, 2021, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes or time restriction:

Award of scholarships	\$ 413,244
Capital improvement projects	66,456
Programs and scholarships	1,733,168
Passage of time restrictions	263,164
COVID relief	<u>16,205</u>
	<u><u>\$ 2,492,237</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.



**A PLACE CALLED HOME**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2021

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTION – (CONTINUED)**

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	\$ 200,000
-----------	------------

During the year ended June 30, 2021, APCH had the following endowment related activities:

Endowment Assets Investments, at fair value	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ 1,089	\$ -	\$ 200,000	\$ 201,089
Investment income	526	-	-	526
End of year	\$ 1,615	\$ -	\$ 200,000	\$ 201,615

Endowment assets are invested in one money market bank account.

**NOTE 8 - 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, 2021, APCH recognized an expense of \$59,232. Employees are fully vested in these safe-harbor contributions.

**A PLACE CALLED HOME**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2021

**NOTE 9 - COMMITMENTS**

APCH leases office equipment under non-cancelable operating leases that expire through 2024. Rental equipment expenses for the year ended June 30, 2021 were \$22,636. The future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	
2022	\$ 18,348
2023	18,348
2024	<u>15,290</u>
	<u>\$ 51,986</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.

**NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN**

*First PPP Loan* - On May 5, 2020, APCH borrowed \$966,688 through the Paycheck Protection Program ("PPP") offered by the United States Small Business Administration. On June 9, 2021, the lender fully forgave this loan and related accrued interest. The accompanying statement of activities reflect this loan forgiveness as other income for the year ended June 30, 2021.

*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, APCH 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. Subsequent to year end, on October 19, 2021, the lender fully forgave this loan and related accrued interest. The accompanying statement of financial position reflects this loan as a current liability for the year ended June 30, 2021.