

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

FINANCIAL STATEMENTS

Year Ended June 30, 2024
(With Comparative Totals to June 30, 2023)



Gursey | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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Independent Auditor's Report

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

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, 2024, 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, 2024, 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gursey | Schneider LLP

January 29, 2025
Los Angeles, California

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2024
(With Comparative Totals for June 30, 2023)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,087,814	\$ 1,398,623
Investments, at fair value	4,760,767	6,558,923
Contributions receivable, current portion	825,450	1,699,802
Prepaid expenses and other assets	117,598	154,842
Total Current Assets	<u>7,791,629</u>	<u>9,812,190</u>
OTHER ASSETS		
Contributions receivable, net of current portion	129,969	108,174
Property and equipment, net	6,092,892	6,153,010
Total Other Assets	<u>6,222,861</u>	<u>6,261,184</u>
TOTAL ASSETS	<u><u>\$ 14,014,490</u></u>	<u><u>\$ 16,073,374</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 133,730	\$ 170,714
Accrued payroll and related liabilities	476,655	500,931
Deferred revenues	152,756	10,000
Total Liabilities	<u>763,141</u>	<u>681,645</u>
NET ASSETS		
Without donor restrictions	6,129,426	7,108,765
Without donor restrictions - board-designated reserves	2,000,000	2,000,000
With donor restrictions	5,121,923	6,282,964
Total Net Assets	<u>13,251,349</u>	<u>15,391,729</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 14,014,490</u></u>	<u><u>\$ 16,073,374</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, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Contributions and grants	\$ 2,579,279	\$ 2,567,995	\$ 5,147,274	\$ 4,008,790
Contributions of non-financial assets	1,683,688	-	1,683,688	1,647,588
Program service revenue	200,000	-	200,000	200,000
Investment income, net	689,274	-	689,274	627,720
All other income	17,862	-	17,862	29,580
Special events:				
Gross revenue	1,187,379	-	1,187,379	1,091,201
Less: direct costs	(465,689)	-	(465,689)	(258,567)
Fundraising events, net	721,690	-	721,690	832,634
Released from restriction	3,729,036	(3,729,036)	-	-
TOTAL REVENUE AND SUPPORT	9,620,829	(1,161,041)	8,459,788	7,346,312
EXPENSES				
Program services	8,176,185	-	8,176,185	8,635,332
Supporting services	1,041,752	-	1,041,752	1,087,380
Fundraising expenses	1,382,231	-	1,382,231	1,326,076
TOTAL EXPENSES	10,600,168	-	10,600,168	11,048,788
CHANGE IN NET ASSETS	(979,339)	(1,161,041)	(2,140,380)	(3,702,476)
NET ASSETS - Beginning of Year	9,108,765	6,282,964	15,391,729	19,094,205
NET ASSETS - End of Year	\$ 8,129,426	\$ 5,121,923	\$ 13,251,349	\$ 15,391,729

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, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	2024				2023
	Program Services	Support Services	Fundraising Expenses	Total Expenses	Total Expenses
SALARIES AND EXPENSES					
Salaries and wages	\$ 3,877,120	\$ 341,457	\$ 903,665	\$ 5,122,242	\$ 5,579,471
Payroll taxes	304,256	26,796	70,915	401,967	419,631
Employee benefits	391,053	57,028	104,346	552,427	480,011
Total Salaries and Expenses	4,572,429	425,281	1,078,926	6,076,636	6,479,113
OTHER EXPENSES					
Advertising	6,328	450	3,195	9,973	134
Automobile	670	19,636	546	20,852	19,161
Bad debt	-	-	-	-	3,100
Bank charges	9,091	6,035	33,309	48,435	39,508
Contributed non-financial assets	1,459,274	9,997	4,535	1,473,806	1,485,217
Depreciation	311,936	11,106	6,903	329,945	284,709
Dues and subscriptions	3,151	289	677	4,117	11,527
Education and training	20,597	17,408	12	38,017	38,891
Equipment and other rentals	21,386	762	473	22,621	17,726
Food and nutrition costs	74,067	5,860	394	80,321	81,614
Insurance	65,071	23,756	13,427	102,254	84,552
Office	70,332	116,645	67,932	254,909	298,625
Outside services	109,355	61,136	50,166	220,657	248,544
Postage, printing and publications	1,111	2,625	22,016	25,752	21,287
Professional fees	96,251	210,349	24,161	330,761	294,261
Professional fees donated	73,804	84,898	51,180	209,882	162,371
Program related expenses	392,694	2,648	410	395,752	613,984
Repairs and maintenance	71,525	1,934	1,203	74,662	46,634
Scholarships and stipends	543,700	199	-	543,899	488,371
Supplies and materials	89,632	11,063	4,166	104,861	126,548
Taxes (refund) and licenses	1,624	1,585	6	3,215	(7,765)
Telephone and internet	61,597	22,488	12,710	96,795	84,905
Travel	25,731	2,226	-	27,957	30,695
Utilities	94,829	3,376	2,099	100,304	89,086
Website hosting	-	-	3,785	3,785	5,990
Total Other Expenses	3,603,756	616,471	303,305	4,523,532	4,569,675
TOTAL EXPENSES (2024)	\$ 8,176,185	\$ 1,041,752	\$ 1,382,231	\$ 10,600,168	
<i>Percent of total expenses</i>	<i>77%</i>	<i>10%</i>	<i>13%</i>	<i>100%</i>	
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>

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, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (2,140,380)	\$ (3,702,476)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	329,945	284,709
Unrealized (gains) on investments	(515,749)	(405,367)
Realized (gains) losses on investments	18,157	(2,902)
(Increase) decrease in assets:		
Contributions receivable	852,557	2,001,283
Prepaid expenses and other assets	37,244	(97,254)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(36,984)	(170,768)
Accrued payroll and related liabilities	(24,276)	(26,441)
Deferred revenue	142,756	10,000
NET CASH USED FOR OPERATING ACTIVITIES	<u>(1,336,730)</u>	<u>(2,109,216)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(269,827)	(348,273)
Purchases of investments	(4,440,733)	(3,292,039)
Proceeds from sales of investments	6,736,481	2,485,637
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>2,025,921</u>	<u>(1,154,675)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	689,191	(3,263,891)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,398,623</u>	<u>4,662,514</u>
CASH AND CASH EQUIVALENTS - End of Year	<u><u>\$ 2,087,814</u></u>	<u><u>\$ 1,398,623</u></u>

See Accompanying Notes to Financial Statements

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2024

NOTE 1 - ORGANIZATION

Organization Overview:

A Place Called Home (APCH) is a California nonprofit public benefit corporation that delivers a range of youth development services in South Central Los Angeles. The organization is guided by its core R.E.A.C.H. values: Respect, Empathy, Accountability, Courage, and Hope. Founded in 1993, APCH provides a nurturing environment and high-quality programs and services free of charge, empowering youth, and families to overcome systemic barriers and create brighter futures. APCH is funded through public and private grants, contributions from private foundations, corporations, individuals, and proceeds from fundraising activities.

Population for Services:

APCH serves a community where 86% of members live at or below the federal poverty line. The organization's programs are designed to address the unique challenges faced by its members, including systemic barriers to education, food security, and mental health support. APCH remains committed to maintaining its financial sustainability and continuing to provide high-quality, free programming to all participants. 95% of the children from APCH's community qualify for free or reduced lunch, compared to 69% for the county as a whole.

Mission and Vision: APCH envisions a world where a child's zip code does not determine their future. Our mission is to inspire, encourage, and support young people in South Los Angeles to achieve social, emotional, and economic success.

Programs and Services: APCH provides year-round, comprehensive programs designed to support underserved young people in achieving healthy and sustainable futures, including:

- Educational services, college access and success, career preparedness, arts education, and wellness initiatives.
- Social-emotional learning programs, mental health services, and college readiness support.
- Nutrition services, athletic programs, and community engagement opportunities.

Programs operate during the school year through after-school classes and extend into the summer with full-day camps.

Key Achievements and Impact During FY 2023-2024:

Youth Participation and Engagement

- Served 777 members, including 623 after-school participants.
- Delivered over 80,000 hours of programming, including 71,000 hours of classes and field trips and 3,000 counseling hours.
- Reached 452 members through counseling services and 318 members through educational services.

College Readiness and Success:

- Supported 86 APCH Shaheen Scholars, with a 91% overall retention rate and a 39% graduation rate for the class of 2024, significantly exceeding the national average for first-generation, low-income students of color.

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2024

NOTE 1 - ORGANIZATION - (CONTINUED)

Community Events and Assistance:

- Distributed 15,000 meals and 9,830 grocery bags to 330 members and 184 households.
- Provided \$49,220 in direct financial assistance to 72 members and 44 households.
- Hosted 1,130 volunteers who provided more than 5,000 hours of service.
- Hosted a series of free community events, including a Thanksgiving food distribution and meal (700 individuals served), a Back to School distribution of school supplies (1,200 backpacks distributed), and a holiday toy distribution (1,100 bags of toys distributed).
- Matched 100 families with donors to receive holiday gifts for Family to Family Event.

Youth and Teen Social Impact:

- 89% of members improved in at least one core social-emotional learning competency, fostering self-management and resilience.
- 98% of teens reported feeling motivated to make a positive difference in their communities.
- Provide same-day support and accessible ongoing mental health services to members and their families.

Infrastructure Improvements and Technology Updates:

- Installation of artificial turf, step benches and shade to playground area for member safety and increased participation in sport programs.
- Installation of new campus-wide security systems to ensure continued safety of our members and staff at APCH.
- Increased weekly participation in APCH's Transportation Program from 145 to 221 members for our programs.
- Replaced outdated classroom equipment, computers, and furniture to ensure we provide our members with safe and current technology for our programs.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

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, 2023, 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.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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 \$143,051 as of June 30, 2024 were distributed to benefit the community during the year. The Organization did not hold any program goods inventory as of June 30, 2024.

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.

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, 2024, APCH had net assets without donor restrictions of \$8,129,426. Of this amount, the board of directors has designated \$2,000,000 (approximately a 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.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

- **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, 2024, the Organization had \$4,921,923 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 4.71%. 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, 2024.

Government Grants - Government grant income is recognized in the financial statements as the related expenses are incurred. Any unspent funds are recorded as deferred income on the balance sheet, which is included in deferred revenue. These funds will be recognized as income in future periods as the related expenses are incurred. As of June 30, 2024, APCH has recognized \$410,451 in grant income, corresponding to eligible expenses incurred during the year. APCH must comply with all laws and regulations as defined by the grant agreements and may be subject to audits to ensure compliance with the terms and conditions of the grants. Any non-compliance may result in the requirement to repay the grant funds.

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 \$465,689 and consist of direct event supplies, production and technical costs, and items directly incurred to produce the event.

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, 2024.

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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.
- *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.

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 2021 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 2020 and subsequent.

Concentrations of Risk - As of June 30, 2024, three donors accounted for about 52% of the total contributions receivable. No other donor contributed 10% or more of the total. Subsequent to year-end, APCH collected the full amount from one of the three donors, comprising 21% of the total outstanding contributions receivable. The other two donors are expected to be settled by the end of the next fiscal year.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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 January 29, 2025, 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, 2024, reduced by amounts not available for general use within one year.

Cash and cash equivalents	\$ 2,087,814
Investments, at fair value	4,760,767
Contributions receivable, current portion	825,450
	<hr/>
Subtotal	7,674,031
Less assets unavailable for general expenditures within one year:	
Restricted by donors with purpose restrictions	(4,921,927)
Board designated reserves	(2,000,000)
Endowment net assets	(200,000)
	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 552,104</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, 2024.

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.

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.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2024

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

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.

As of June 30, 2024, investments consist of the following:

	Cost	Fair Value
Mutual Funds and ETFs	\$ 2,836,755	\$ 3,300,424
Equity Securities	760,648	867,243
Fixed Income Securities	581,984	593,100
	<u>\$ 4,179,387</u>	<u>\$ 4,760,767</u>

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

	Fair Value	Fair Value Hierarchy		
	Fair Value	Level 1	Level 2	Level 3
Mutual Funds and ETFs	\$ 3,300,424	\$ 3,300,424	\$ -	\$ -
Equity Securities	867,243	867,243	-	-
Fixed Income Securities	593,100	-	593,100	-
	<u>\$ 4,760,767</u>	<u>\$ 4,167,667</u>	<u>\$ 593,100</u>	<u>\$ -</u>

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

Investment income for the year ended June 30, 2024 is summarized as follows:

Interest and dividends	\$ 216,926
Realized gains (losses), net	(18,157)
Unrealized gains (losses), net	515,749
Less: Investment fees	(25,244)
	<u>\$ 689,274</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, 2024 are composed of the amounts due as follows:

Receivable due in less than one year	\$ 825,450
Receivable due in one to five years	142,500
	<u>967,950</u>
Less: Present value discount	(12,531)
	<u>\$ 955,419</u>

NOTE 6 - CONTRIBUTED NON-FINANCIAL ASSETS

For the year ended June 30, 2024, contributed non-financial assets recognized in the statement of activities included the following:

	Program Services	Support Services	Fundraising Expenses	Total
RISE program services	\$ 1,151,178	\$ -	\$ -	\$ 1,151,178
Professional services	73,804	84,898	51,180	209,882
Program supplies	146,260	6,699	4,310	157,269
Event tickets	19,115	3,193	-	22,308
Food and goods distribution	142,721	105	225	143,051
	<u>\$ 1,533,078</u>	<u>\$ 94,895</u>	<u>\$ 55,715</u>	<u>\$ 1,683,688</u>

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

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NOTE 6 - CONTRIBUTED NON-FINANCIAL ASSETS

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 \$1,151,178 for the year ended June 30, 2024. 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 fundraiser events, camp program administration, subscriptions for the education services department, and professional services for gala and other fundraising events. Contributed services are valued and reported at the estimated fair value based on current rates for similar services. Contributed professional services were valued at \$209,882 for the year ended June 30, 2024. These items are allocated between program services (35%), support services (41%) and fundraising (24%).

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 \$157,269 for the year ended June 30, 2024. 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 \$22,308 for the year ended June 30, 2024. These items are allocated to program services (86%) and support services (14%).

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 \$143,051 for the year ended June 30, 2024. 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, 2024:

Building	\$ 643,000
Building improvements	5,311,853
Computer equipment	526,444
Construction in progress	40,500
Equipment	612,751
Furniture	99,524
Land	1,796,703
Recording studio equipment	126,747
Vehicles	180,888
	<hr/>
	9,338,410
Less: Accumulated depreciation	(3,245,518)
	<hr/>
Total property and equipment, net	<u><u>\$ 6,092,892</u></u>

All property and equipment are held for use. Depreciation expense for the year ended June 30, 2024 was \$329,945.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTION

Temporarily restricted net assets as of June 30, 2024 consists of the following:

	June 30, 2023	New Restricted Contributions	Restriction Releases	June 30, 2024
Purpose restricted - Scholarships	\$ 80,655	\$ 517,500	\$ (475,896)	\$ 122,259
Purpose restricted - Tech transformation	610,576	-	(3,518)	607,058
Purpose restricted - Campus renovations	3,361,496	-	(1,569)	3,359,927
Purpose restricted - Specific programs	1,875,398	2,050,495	(3,093,214)	832,679
Time restricted	154,839	-	(154,839)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 6,082,964</u>	<u>\$ 2,567,995</u>	<u>\$ (3,729,036)</u>	<u>\$ 4,921,923</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.

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

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, 2024, APCH had the following endowment related activities:

Endowment Assets Investments, at fair value	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ 36,863	\$ -	\$ 200,000	\$ 236,863
Investment income	<u>33,620</u>	<u>-</u>	<u>-</u>	<u>33,620</u>
End of year	<u>\$ 70,483</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 270,483</u>

Endowment assets are invested in the portfolio of fixed income and equity securities along with unrestricted assets.

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, 2024, APCH recognized an expense of \$92,523. Employees are fully vested in these safe-harbor contributions.

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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, 2024 were \$22,621.

The future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	
2025	\$ 15,936
2026	15,936
2027	<u>9,296</u>
	<u>\$ 41,168</u>