

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

FINANCIAL STATEMENTS

Year Ended June 30, 2025
(With Comparative Totals to June 30, 2024)



Gurseley | Schneider ^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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Independent Auditor's Report

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

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, 2025, 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, 2025, 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 and 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gursey | Schneider LLP

November 26, 2025
Los Angeles, California

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- 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, and 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.

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Gursey | Schneider LLP

November 26, 2025
Los Angeles, California

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2025
(With Comparative Totals for June 30, 2024)

	2025	2024
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,053,786	\$ 2,087,814
Investments, at fair value	4,962,731	4,760,767
Contributions and other receivables, current portion	1,807,288	825,450
Prepaid expenses and other assets	52,906	117,598
Total Current Assets	7,876,711	7,791,629
OTHER ASSETS		
Contributions receivable, net of current portion	-	129,969
Property and equipment, net	6,073,764	6,092,892
Total Other Assets	6,073,764	6,222,861
TOTAL ASSETS	\$ 13,950,475	\$ 14,014,490
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 159,538	\$ 133,730
Accrued payroll and related liabilities	548,175	476,655
Deferred revenues	125,000	152,756
Total Liabilities	832,713	763,141
NET ASSETS		
Without donor restrictions	6,293,646	6,129,426
Without donor restrictions - board-designated reserves	2,000,000	2,000,000
With donor restrictions	4,824,116	5,121,923
Total Net Assets	13,117,762	13,251,349
TOTAL LIABILITIES AND NET ASSETS	\$ 13,950,475	\$ 14,014,490

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, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Contributions and grants	\$ 2,935,685	\$ 2,736,969	\$ 5,672,654	\$ 5,147,274
Contributions of non-financial assets	1,837,044	-	1,837,044	1,683,688
Program service revenue	201,422	-	201,422	200,000
Investment income, net	558,342	-	558,342	689,274
Employee retention tax credit and other	960,779	-	960,779	17,862
Special events:				
Gross revenue	913,770	-	913,770	1,187,379
Less: direct costs	(274,047)	-	(274,047)	(465,689)
Fundraising events, net	639,723	-	639,723	721,690
Total Revenues and Support before Releases from Restriction	7,132,995	2,736,969	9,869,964	8,459,788
Released from restriction	3,034,776	(3,034,776)	-	-
TOTAL REVENUE AND SUPPORT	10,167,771	(297,807)	9,869,964	8,459,788
EXPENSES				
Program services	7,460,482	-	7,460,482	8,176,185
Supporting services	1,000,427	-	1,000,427	1,041,752
Fundraising expenses	1,542,642	-	1,542,642	1,382,231
TOTAL EXPENSES	10,003,551	-	10,003,551	10,600,168
CHANGE IN NET ASSETS	164,220	(297,807)	(133,587)	(2,140,380)
NET ASSETS - Beginning of Year	8,129,426	5,121,923	13,251,349	15,391,729
NET ASSETS - End of Year	\$ 8,293,646	\$ 4,824,116	\$ 13,117,762	\$ 13,251,349

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, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025			2024	
	Program Services	Support Services	Fundraising Expenses	Total Expenses	Total Expenses
SALARIES AND EXPENSES					
Salaries and wages	\$ 3,513,692	\$ 329,704	\$ 1,046,731	\$ 4,890,127	\$ 5,122,242
Payroll taxes	281,500	32,933	81,021	395,454	401,967
Employee benefits	287,462	81,369	89,672	458,503	552,427
Total Salaries and Expenses	4,082,654	444,006	1,217,424	5,744,084	6,076,636
OTHER EXPENSES					
Advertising	200	-	4,967	5,167	9,973
Automobile	808	20,273	1,692	22,773	20,852
Bank charges	1,057	22,119	26,444	49,620	48,435
Contributed non-financial assets	1,557,076	8,537	55,546	1,621,159	1,473,806
Depreciation	251,769	8,758	5,444	265,971	329,945
Dues and subscriptions	775	5,987	397	7,159	4,117
Education and training	11,664	4,048	1,139	16,851	38,017
Equipment and other rentals	28,776	1,003	624	30,403	22,621
Food and nutrition costs	106,156	7,433	302	113,891	80,321
Insurance	77,355	27,718	14,993	120,066	102,254
Office	54,658	175,756	67,885	298,299	254,909
Outside services	67,122	31,624	3,735	102,481	220,657
Postage, printing and publications	966	504	14,673	16,143	25,752
Professional fees	80,901	174,908	15,106	270,915	330,761
Professional fees donated	42,000	18,011	47,737	107,748	209,882
Program related expenses	224,000	1,251	36,952	262,203	395,752
Repairs and maintenance	52,211	6,647	956	59,814	74,662
Scholarships and stipends	522,421	-	-	522,421	543,899
Supplies and materials	115,277	11,378	107	126,762	104,861
Taxes and licenses	8,043	2,328	971	11,342	3,215
Telephone and internet	60,235	21,466	11,806	93,507	96,795
Travel	16,809	2,875	-	19,684	27,957
Utilities	97,549	3,797	2,127	103,473	100,304
Website hosting	-	-	11,615	11,615	3,785
Total Other Expenses	3,377,828	556,421	325,218	4,259,467	4,523,532
TOTAL EXPENSES (2025)	\$ 7,460,482	\$ 1,000,427	\$ 1,542,642	\$ 10,003,551	
<i>Percent of total expenses</i>	<i>75%</i>	<i>10%</i>	<i>15%</i>	<i>100%</i>	
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>

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, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (133,587)	\$ (2,140,380)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Non-cash donation of property and equipment	(108,137)	-
Depreciation	265,971	329,945
Unrealized (gains) on investments	(207,705)	(515,749)
Realized (gains) and losses on investments	(165,401)	18,157
(Increase) decrease in assets:		
Contributions and other receivables	(851,869)	852,557
Prepaid expenses and other assets	64,692	37,244
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	25,808	(36,984)
Accrued payroll and related liabilities	71,520	(24,276)
Deferred revenue	(27,756)	142,756
NET CASH USED FOR OPERATING ACTIVITIES	(1,066,464)	(1,336,730)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(138,706)	(269,827)
Purchases of investments	(389,558)	(4,440,733)
Proceeds from sales of investments	560,700	6,736,481
NET CASH PROVIDED BY INVESTING ACTIVITIES	32,436	2,025,921
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,034,028)	689,191
CASH AND CASH EQUIVALENTS - Beginning of Year	2,087,814	1,398,623
CASH AND CASH EQUIVALENTS - End of Year	\$ 1,053,786	\$ 2,087,814

See Accompanying Notes to Financial Statements

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2025

NOTE 1 - 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.

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 meet the needs and aspirations of young people, including:

- Academic support, arts education, vocational training and college readiness.
- Nutrition services, athletics and culinary programs.
- Mental health counseling, case management, mentoring, and community engagement.

Programs operate year-round, with after-school classes during the academic year and full-day camps during the summer.

Key Achievements and Impact During FY 2024-2025:

Youth Participation and Engagement

- Served 754 members, including 694 after-school participants.
- Delivered over 59,000 hours of programs & services, including 1,805 counseling hours.
- Reached 233 members through counseling services and 227 members through educational services.

College Readiness and Success:

- Supported 96 APCH Shaheen Scholars, with a 91% overall retention rate and a 36% graduation rate for the class of 2025, significantly exceeding the national average for first-generation, low-income students of color.

Community Events and Assistance:

- Distributed 17,448 meals and 12,038 grocery bags to 171 households.
- Provided \$52,231 in direct financial assistance to 37 households.
- Hosted 1,150 volunteers who provided more than 5,100 hours of service.
- Hosted a series of free community events, including 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 (2,000 bags of toys distributed).
- Matched 100 families with donors to receive holiday gifts for Family-to-Family Event.

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2025

NOTE 1 - ORGANIZATION - (CONTINUED)

Youth and Teen Social Impact:

- 87% of teen members want to make a positive difference in their community.
- 88% of members reported strong or improved social-emotional skills.
- Provides same-day support and highly accessible ongoing mental health services to members and their families.

Infrastructure Improvements and Technology Updates:

- Installation of an access control system that enhances security across both buildings, including the ability to initiate lockdowns at main entry points during emergencies.
- Ongoing scheduled replacement of outdated classroom equipment and furniture (including computers and audio/music equipment) to ensure members have access to safe, modern, and reliable technology for our programs.
- Installation of a digital public address (PA) system at both campuses that integrates with the existing VoIP phone system allowing for targeted messaging by area, campus-wide announcements, and emergency notifications.
- Build-out of a second culinary classroom to meet growing program demand and increase youth interest.
- Installation of acoustic ceiling tiles in the Digital Media trailer to improve sound insulation and create a more effective learning environment.

Commitment to the Community:

APCH serves a community where 86% of members live at or below the federal poverty line, and all qualify as low-income. The organization's programs and services are designed to address the unique challenges faced by its community 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. Currently, 95% of the children from APCH's community qualify for free or reduced lunch, compared to 69% for the county.

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, 2024, 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, 2025

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 record 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 **\$260,502** as of June 30, 2025 were distributed to benefit the community during the year. The Organization did not hold any program goods inventory as of June 30, 2025.

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, 2025, APCH had net assets without donor restrictions of \$8,293,646. 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.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2025

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, 2025, the Organization had \$4,624,116 in temporarily restricted, donor-restricted net assets, and \$200,000 in permanently restricted, donor-restricted net assets.

Contributions and Other Receivables - 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 3.72%. 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, 2025. Included in other receivables are \$960,799 for payroll tax recoveries due under the Employee Retention Tax Credit. This tax credit was collected subsequent to year-end.

Receivables due in less than one year \$ 1,807,288

Government Grants - Government grants that are considered exchange transactions are recognized as revenue as related eligible expenditures are incurred. Funds received in advance of meeting expenditure requirements are recorded as deferred revenue. These funds will be recognized as income in future periods as the related expenses are incurred. As of June 30, 2025, APCH has recognized \$802,300 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 special 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. Special event revenues consist of exchange transaction components (such as the value of meals, tickets, or auction purchases) and contribution components. The exchange portion is recognized as revenue at the point in time when the event occurs. The contribution portion is recognized immediately when the donor commits to the contribution. Direct costs of benefits provided to donors are netted against special event revenue. Costs associated with these events are presented net of the corresponding revenues. Total costs were \$274,047 and consist of direct event supplies, production and technical costs, and items directly incurred to produce the event.

A PLACE CALLED HOME
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Notes to Financial Statements
June 30, 2025

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, 2025.

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. During the year ended June 30, 2025, APCH received a donated commercial truck with a fair value of \$108,137.
- *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 2022 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 2021 and subsequent.

A PLACE CALLED HOME
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Concentrations of Risk - As of June 30, 2025, four donors accounted for about 69% 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 four donors, comprising 28% of the total outstanding contributions receivable. The other three donors are expected to be settled by the end of the next fiscal year. No single donor contributed more than 10% of total revenues during the year ended June 30, 2025.

Subsequent Events - Management has evaluated subsequent events through December 19, 2025, the date the financial statements were available to be issued and has determined that no events or transactions occurred that require disclosure or adjustment.

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

Cash and cash equivalents	\$ 1,053,786
Investments, at fair value	4,962,731
Contributions receivable, current portion	<u>1,807,288</u>
Subtotal	7,823,805
Less assets unavailable for general expenditures within one year:	
Restricted by donors with purpose restrictions	(4,624,116)
Board designated reserves	(2,000,000)
Endowment net assets	<u>(200,000)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 999,689</u>

Liquidity Management:

APCH manages its financial assets to provide adequate liquidity to meet its general expenditures, liabilities, and other obligations as they come due. The Organization's financial assets available within one year of the statement of financial position date include cash and cash equivalents, short-term investments, and current receivables. APCH regularly monitors its cash flow requirements and maintains significant cash reserves to ensure its operational needs are met.

Board-Designated Reserves:

The board of directors has designated a reserve fund equivalent to approximately three months of operating expenses. While these amounts are not subject to donor restriction, they are not available for general expenditures without prior approval from the board of directors.

Endowment and Donor Restrictions:

Certain financial assets are subject to donor or legal restrictions that limit their use to specific purposes or future periods. These restrictions reduce the amount of financial assets available to fund general operations within one year.

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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.

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, 2025, investments consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$ 1,452,669	\$ 1,709,529
Exchange Traded Funds	2,577,198	3,094,487
Fixed Income Securities	<u>157,320</u>	<u>158,715</u>
	<u>\$ 4,187,187</u>	<u>\$ 4,962,731</u>

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

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

	Fair Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Mutual Funds	\$ 1,709,529	\$ 1,709,529	\$ -	\$ -
Exchange Traded Funds	3,094,487	3,094,487	-	-
Fixed Income Securities	158,715	-	158,715	-
	<u>\$ 4,962,731</u>	<u>\$ 4,804,016</u>	<u>\$ 158,715</u>	<u>\$ -</u>

Investment income for the year ended June 30, 2025 is summarized as follows:

Interest and dividends	\$ 199,952
Realized gains, net	165,401
Unrealized gains, net	207,705
Less: Investment fees	<u>(14,716)</u>
	<u>\$ 558,342</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 - CONTRIBUTED NON-FINANCIAL ASSETS

For the year ended June 30, 2025, contributed non-financial assets recognized in the statement of activities included the following:

	Program Services	Support Services	Fundraising Expenses	Total
RISE program services	\$ 1,195,384	\$ -	\$ -	\$ 1,195,384
Food and goods distribution	260,502	-	-	260,502
Professional services	43,220	17,590	20,764	81,574
Fundraising supplies / Auction items	-	-	81,498	81,498
Program supplies	74,151	6,050	1,021	81,222
Event tickets	25,819	2,908	-	28,727
	<u>\$ 1,599,076</u>	<u>\$ 26,548</u>	<u>\$ 103,283</u>	\$ 1,728,907
Commercial vehicle capitalized as property and equipment				<u>108,137</u>
Total contributed non-financial assets				<u>\$ 1,837,044</u>

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NOTE 5 - CONTRIBUTED NON-FINANCIAL ASSETS – (CONTINUED)

Utilization of Contributed Non-Financial Assets:

Contributed non-financial assets are utilized in APCH's programs and supporting services and are not monetized. Donated food, goods, program supplies, and professional services are used directly in program activities. Donated vehicles and equipment are capitalized and depreciated over their useful lives. Donated event-related items are utilized in fundraising events and auctions. APCH does not sell non-financial donated assets for cash.

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, find 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 \$1,195,384 for the year ended June 30, 2025. 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 \$81,574 for the year ended June 30, 2025. These items are allocated between program services (53%), support services (22%), and fundraising (25%).

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 comparable products if purchased in the region. Contributed program supplies were valued at \$81,222 for the year ended June 30, 2025. These items are allocated substantially all to program services.

Vehicle - During the year ended June 30, 2025, APCH received a refrigerated commercial truck valued at \$108,137. This amount is included as a component of property and equipment.

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 \$28,727 for the year ended June 30, 2025. These items are allocated to program services (90%) and support services (10%).

Fundraising Supplies - APCH receives donations of fundraising supplies to support the Annual Gala. This primarily consists of high-value items for auction such as hotel accommodations, experiences, and fine jewelry. Contributed supplies are recorded at their estimated fair value, which is determined by referencing the purchase price of comparable goods or services available. Contributed fundraising supplies, including items for auction, were valued at \$81,498 for the year ended June 30, 2025.

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NOTE 5 - CONTRIBUTED NON-FINANCIAL ASSETS – (CONTINUED)

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 \$260,502 for the year ended June 30, 2025. Substantially all food and goods are allocated to program services.

Related Party Board Donations - APCH receives in-kind donations from Board Members such as fundraising and auction supplies, professional services, and programming supplies. Board donations for the year ended June 30, 2025, totaled \$45,488, and are included above as part of professional services, program supplies, and fundraising supplies.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following on June 30, 2025:

Building improvements	\$ 5,380,753
Land	1,796,703
Building	643,000
Equipment	671,014
Computer equipment	575,519
Vehicles	289,025
Recording studio equipment	126,747
Furniture	<u>102,492</u>
	9,585,253
Less: accumulated depreciation	<u>(3,511,489)</u>
Total property and equipment, net	<u>\$ 6,073,764</u>

All property and equipment are held for use. Depreciation expense for the year ended June 30, 2025 was \$265,971.

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NOTE 7 - NET ASSETS WITH DONOR RESTRICTION

Temporarily restricted net assets as of June 30, 2025 consists of the following:

	Beginning of Year	New Restricted Contributions	Restriction Releases	End of Year
Purpose restricted - Scholarships	\$ 122,259	\$ 508,296	\$ (435,135)	\$ 195,420
Purpose restricted - Tech Transformation	607,058	-	(3,155)	603,903
Purpose restricted - Campus Renovations	3,359,927	25,000	(25,000)	3,359,927
Purpose restricted - Specific Programs	832,679	2,203,673	(2,571,486)	464,866
	<u>\$ 4,921,923</u>	<u>\$ 2,736,969</u>	<u>\$ (3,034,776)</u>	<u>\$ 4,624,116</u>

Permanently restricted net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, APCH classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the organization considers the following factors in deciding whether 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

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

Permanently restricted net assets consist of the following:

Endowment \$ 200,000

During the year ended June 30, 2025, APCH had the following endowment-related activities:

Endowment Assets Investments, at fair value	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ 70,483	\$ -	\$ 200,000	\$ 270,483
Investment income	<u>21,800</u>	<u>-</u>	<u>-</u>	<u>21,800</u>
End of year	<u>\$ 92,283</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 292,283</u>

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

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 plan compensation. During the year ended June 30, 2025, APCH recognized an expense of \$105,977. Employees are fully vested in these safe-harbor contributions.

NOTE 9 - 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, 2025 were \$30,403.

The future minimum lease payments are summarized as follows:

<u>Years Ending June 30,</u>	
2026	\$ 15,936
2027	<u>9,296</u>
	<u>\$ 25,232</u>