

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**



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## INDEPENDENT AUDITOR'S REPORT

To the Audit Committee  
**ASSISTANCE LEAGUE® OF LOS ANGELES**  
Los Angeles, California

We have audited the accompanying financial statements of Assistance League® of Los Angeles (the "League"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to 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 ("U.S. GAAP"); 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 U.S. generally accepted auditing standards ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the U.S. 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 League'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 League'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 above present fairly, in all material respects, the financial position of Assistance League® of Los Angeles as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. GAAP.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2016, on our consideration of the League's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the League's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino<sup>LLP</sup>  
Los Angeles, California

November 9, 2016

ASSISTANCE LEAGUE® OF LOS ANGELES

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

ASSETS

Cash and Cash Equivalents	\$ 2,032,693
Accounts Receivable	72,715
Operating Investments	2,844,911
Prepaid Expenses and Other Assets	414,467
Endowment Investments	6,240,879
Property and Equipment, net	<u>806,306</u>
Total Assets	<u>\$ 12,411,971</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts Payable and Accrued Liabilities	\$ 143,746
Accrued Salaries and Related Expenses	<u>53,867</u>
Total Liabilities	<u>197,613</u>
Commitments and Contingencies (Note 8)	
Net Assets	
Unrestricted	
Unrestricted - Undesignated	3,283,518
Unrestricted - Invested in Land, Building and Equipment	806,306
Board - Designated	<u>4,575,660</u>
Unrestricted	8,665,484
Temporarily Restricted	2,077,217
Permanently Restricted	<u>1,471,657</u>
Total Net Assets	<u>12,214,358</u>
Total Liabilities and Net Assets	<u>\$ 12,411,971</u>

See accompanying notes to financial statements.

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support				
Contributions	\$ 191,336	\$ 674,374	\$ -	\$ 865,710
Government grants	571,010	-	-	571,010
Contributed goods and rent	229,995	-	-	229,995
Fundraising	<u>61,662</u>	<u>204,030</u>	-	<u>265,692</u>
	<u>1,054,003</u>	<u>878,404</u>	-	<u>1,932,407</u>
Revenue				
Membership fees and obligations	100,430	-	-	100,430
Program service fees	2,033,892	-	-	2,033,892
Facilities rentals	74,609	-	-	74,609
Other income	<u>23,190</u>	-	-	<u>23,190</u>
	<u>2,232,121</u>	-	-	<u>2,232,121</u>
Net Assets Released from Restrictions	<u>901,001</u>	<u>(901,001)</u>	-	-
Total Revenue and Support	<u>4,187,125</u>	<u>(22,597)</u>	-	<u>4,164,528</u>
Functional Expenses				
Program services	3,759,787	-	-	3,759,787
Management and general	618,203	-	-	618,203
Fundraising	<u>558,798</u>	-	-	<u>558,798</u>
	<u>4,936,788</u>	-	-	<u>4,936,788</u>
Changes in Net Assets from Operations	<u>(749,663)</u>	<u>(22,597)</u>	-	<u>(772,260)</u>
Investment Results and Other				
Investment interest and dividends	170,965	-	-	170,965
Realized losses on sales of investments	(552,650)	-	-	(552,650)
Unrealized gains (losses) on investments	137,710	(209,231)	-	(71,521)
Gain on sale of land and buildings (see Note 4)	8,362,874	-	-	8,362,874
Grant to affiliate organization (see Note 4)	(8,500,000)	-	-	(8,500,000)
Reclassification of net assets (see Note 5)	<u>745,884</u>	<u>65,549</u>	<u>(811,433)</u>	-
	<u>364,783</u>	<u>(143,682)</u>	<u>(811,433)</u>	<u>(590,332)</u>
Changes in Net Assets	(384,880)	(166,279)	(811,433)	(1,362,592)
Net Assets, beginning of year	<u>9,050,364</u>	<u>2,243,496</u>	<u>2,283,090</u>	<u>13,576,950</u>
Net Assets, end of year	<u>\$ 8,665,484</u>	<u>\$ 2,077,217</u>	<u>\$ 1,471,657</u>	<u>\$ 12,214,358</u>

See accompanying notes to financial statements.

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Expenses				
Salaries and wages	\$ 1,402,112	\$ 142,959	\$ 235,861	\$ 1,780,932
Employee benefits	238,317	24,299	40,089	302,705
Payroll taxes	<u>122,492</u>	<u>12,489</u>	<u>20,606</u>	<u>155,587</u>
	<u>1,762,921</u>	<u>179,747</u>	<u>296,556</u>	<u>2,239,224</u>
Other Expenses				
Advertising and recruiting	9,069	367	245	9,681
Assistance to individuals	396,377	-	-	396,377
Depreciation and amortization	70,679	7,206	11,890	89,775
Dues, fees and conferences	24,875	2,534	4,186	31,595
Equipment	3,018	307	508	3,833
Insurance	162,175	12,477	20,613	195,265
Mileage reimbursement, transportation and travel	33,049	265	344	33,658
Miscellaneous	28,117	976	2,927	32,020
Occupancy	568,736	27,043	44,644	640,423
Office and technology supplies	52,161	5,318	8,775	66,254
Printing, copying, postage and publishing	45,263	1,596	2,637	49,496
Professional fees and service contracts	293,829	358,112	67,222	719,163
Program costs	20,103	-	-	20,103
Program supplies - nutrition- related costs	54,263	-	-	54,263
Special events	-	-	68,044	68,044
Taxes, licenses and fees	51,360	9,448	8,644	69,452
Telephone	102,324	5,517	9,520	117,361
Vehicle	7,850	-	-	7,850
Website and internet	<u>73,618</u>	<u>7,290</u>	<u>12,043</u>	<u>92,951</u>
	<u>1,996,866</u>	<u>438,456</u>	<u>262,242</u>	<u>2,697,564</u>
Total Functional Expenses	<u>\$ 3,759,787</u>	<u>\$ 618,203</u>	<u>\$ 558,798</u>	<u>\$ 4,936,788</u>
	<u>76 %</u>	<u>13 %</u>	<u>11 %</u>	<u>100 %</u>

See accompanying notes to financial statements.

ASSISTANCE LEAGUE® OF LOS ANGELES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

Cash Flows from Operating Activities	
Changes in net assets	\$ (1,362,592)
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation and amortization	89,775
Gain on sale of land and buildings	(8,362,874)
Grant of sale proceeds to affiliate organization	8,500,000
Realized and unrealized losses on investments	624,171
Release from permanently restricted endowment (Note 5)	811,433
(Increase) decrease in operating assets	
Accounts receivable	50,913
Prepaid expenses and other assets	(9,098)
Increase (decrease) in operating liabilities	
Accounts payable and accrued liabilities	(148,697)
Accrued salaries and related expenses	<u>(19,941)</u>
Net Cash Provided by Operating Activities	<u>173,090</u>
Cash Flows from Investing Activities	
Net proceeds from sale of land and buildings	8,921,512
Grant of sale proceeds to affiliate organization	(8,500,000)
Purchases of property and equipment	(210,194)
Proceeds from sales of investments	6,522,797
Purchases of investments and reinvestment of earnings, net of fees	<u>(6,689,209)</u>
Net Cash Provided by Investing Activities	<u>44,906</u>
Cash Flows from Financing Activities	
Release from permanently restricted endowment (Note 5)	<u>(811,433)</u>
Net Cash Used in Financing Activities	<u>(811,433)</u>
Net Decrease in Cash and Cash Equivalents	(593,437)
Cash and Cash Equivalents, beginning of year	<u>2,626,130</u>
Cash and Cash Equivalents, end of year	<u>\$ 2,032,693</u>

See accompanying notes to financial statements.



**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - ORGANIZATION AND OPERATIONS

The mission of Assistance League® of Los Angeles (the "League") since 1919 has been to improve the quality of the lives of at-risk children and families by providing vital social services in the Los Angeles community.

The League has ten fundraising and support auxiliaries that support its programs and provide leadership and volunteer opportunities for its membership. All program and auxiliary activities are reported within these financial statements.

A summary of the numbers of children and families served and the volunteer hours to support those efforts are provided below:

	<u>Number Served (Unaudited)</u>
Foster Children's Resource Center	1,715
Hollywood Children's Club	20
Operation School Bell	5,006
Preschool Learning Center	55
Theatre for Children	<u>12,000</u>
Total	<u>18,796</u>

	<u>Volunteer Hours (Unaudited)</u>
Anne Banning	10,555
Bookworms	477
College Alumnae	847
Founder Assisteens	1,585
Hilltoppers	8,702
Mannequins	2,101
Nine O'Clock Players	9,995
Pre-School	589
Young Men's Assisteens	210
Young Professionals' Group	<u>151</u>
Total	<u>35,212</u>

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - ORGANIZATION AND OPERATIONS (Continued)

Based on the U.S. Department of Labor, Bureau of Labor Statistics valuation of volunteer time for fiscal year ended June 30, 2016, the League benefited from approximately \$830,000 of volunteer services. The League does not include this amount in the reported results, but greatly appreciates all the support of its volunteers.

Operation School Bell

Operation School Bell provides underserved and at-risk school children with new clothing and supplies. Children from disadvantaged circumstances have improved school attendance and increased academic success when they do not 'wear their poverty.' Children are given uniforms, jackets, shoes, grooming kits, backpacks and school supplies at the League's Hollywood location and via the mobile facility Operation School Bell on Wheels.

Theatre for Children

Theatre for Children is the oldest children's theatre in Los Angeles, bringing the joy of live theatre to thousands of children every year. The productions are offered free of charge to children from at-risk neighborhoods along with free bus transportation. Tickets are available at reduced rates to school groups and for a nominal fee to the public on weekends. The League strives to offer children in Los Angeles the magic of live theatre.

Foster Children's Resource Center

Foster Children's Resource Center assists children who upon entering foster care or in a crisis situation are sometimes moved suddenly with few personal possessions beyond the clothes that they are wearing. Children are referred to the League through the Department of Children and Family Services. The League provides them with school uniforms, play clothes, jackets, backpacks, school supplies and grooming kits to bolster their self-esteem during a difficult and vulnerable time in their lives.

Preschool Learning Center

Preschool Learning Center develops academic skills in children and encourages their social, emotional, cognitive, creative and physical development. Studies show that children who attend preschool outperform their peers academically and are more likely to go to college. Accredited by the National Association for the Education of Young Children ("NAEYC"), the League's Preschool Learning Center provides a quality preschool education free of charge to children ages three to five from low-income families.

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - ORGANIZATION AND OPERATIONS (Continued)

Hollywood Children's Club

Hollywood Children's Club serves children and families in crisis in the Hollywood area. Families are referred to the League through the Department of Children and Family Services, LAUSD's homeless task force, social workers and other agencies. Recipient families receive clothing, diapers, school supplies and hygiene kits to support the children's attendance in school and ease financial pressures at home.

Court Referred Volunteer Center

The League's Court Referred Volunteer Center ("CRVC") program operates as a social enterprise providing revenue to help support League services. CRVC is located in seven courthouses throughout Los Angeles County where it refers clients sent from the courts to nonprofit agencies throughout Los Angeles County to fulfill their volunteer requirements to the courts. During the year ended June 30, 2016, CRVC connected more than 28,000 Angelenos to community services opportunities representing more than 2,800,000 volunteer hours.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Tax Status

The League is a nonprofit public benefit corporation organized under the laws of California, and, as such, is exempt from federal and California income taxes under IRC Section 501(c)(3) and corresponding California Revenue and Taxation Code sections.

The League's federal tax informational returns for tax years ended June 30, 2013, and subsequent remain open to examination by the Internal Revenue Service. The returns for California, the League's only state tax jurisdiction, remain open to examination by the California Franchise Tax Board for tax years ended June 30, 2012, and subsequent.

Net Assets

The League reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted (see Note 6).

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted Net Assets

*Unrestricted Undesignated Net Assets* are currently available for use by the League or were received with donor restrictions that were satisfied in the same period.

*Unrestricted Invested in Land, Building and Equipment Net Assets* includes unrestricted net assets the League currently has invested in property and equipment, net of any debt.

*Unrestricted Board-Designated Net Assets* includes unrestricted net assets designated by the Board of Directors (the "Board") for specific purposes or programs.

Temporarily Restricted Net Assets

*Temporarily Restricted Net Assets* are restricted by donors for specific purposes, restricted for use in specific future periods, or subject to both a purpose and a time restriction. Restricted contributions received are classified as unrestricted if the restrictions are met within the same reporting period.

Permanently Restricted Net Assets

*Permanently Restricted Net Assets* are restricted by donors in perpetuity as endowments. Earnings from permanently restricted net assets are classified as temporarily restricted until they have been appropriated for expenditure.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses reported during the period. Actual results could differ from these estimates.

Endowments

Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions (see Note 5).

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash equivalents consist of highly-liquid investments with original maturities of three months or less, except for certain money market account balances included in investments (see Note 3).

Accounts Receivable

Accounts receivable are comprised of grants and contracts receivable from federal, state and local governments and current receivables from private funders and contributors. Management analyzes the collectability of these receivables and establishes an allowance for doubtful accounts when the receivable is deemed uncollectible. As of June 30, 2016, management believes 100% of accounts receivable is collectible, and thus there is no allowance for doubtful accounts.

Operating and Endowment Investments

Endowment investments are stated at fair value based on a hierarchy discussed in Note 3. Purchases and sales of securities are recorded on trade dates. Interest and dividend income and realized and unrealized gains and losses on investments are reported as increases or decreases to unrestricted net assets, unless the use is restricted by donor stipulations or law.

Property and Equipment

Property and equipment used in the operations of the League are stated at cost or, if contributed, at the fair value at the date of contribution. Depreciation and amortization on both purchased and donated items are recorded using the straight-line method over the shorter of the estimated useful life of the related asset or the term of the lease for leasehold improvements as follows:

Computers and software	3 years
Furniture and fixtures	5 - 7 years
Office and other equipment	5 years
Vehicles	5 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provision was recorded by the League during the year.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized when made. All contributions are available for unrestricted use unless restricted by the donor. Temporarily restricted contributions that are expended in the current year are reported as unrestricted. At its discretion, the Board may designate unrestricted contributions for specific purposes (see Note 6).

Contributed Goods, Rent, and Services

The League receives contributions of goods, rent, and services. Contributed goods include supplies, meals, and equipment that are used in programs that serve children and families and are recorded at fair value when received. The League also receives free use of a building for its Children's Services (see Note 7). A substantial number of volunteers have donated significant amounts of time to the League's program and fundraising activities. The value of these donated services is not reflected in the financial statements as they do not meet the U.S. GAAP recognition criteria.

Functional Expenses

The League allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on estimated level of effort or estimated physical space attributed to programs, support, and fundraising.

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Occupancy

Occupancy includes expenses for security, utilities, trash and regular servicing for elevators, alarms, landscaping and other directly-paid costs for maintaining the buildings and property of the League. Additionally, rents and related costs to maintain facilities that are not owned by the League are included within occupancy expenses.

Concentrations of Risk

Some of the League's cash balances exceed FDIC-insured limits. Investment balances are insured by the Securities Investor Protection Corporation ("SIPC"). Generally, the League's investment balances exceed SIPC-insured limits. The League has not experienced and does not anticipate any losses related to the cash and investments held in these accounts.

The League received funds from one government source which comprised 14% of total revenue during the year and 8% of accounts receivable at June 30, 2016.

Subsequent Events

The League has evaluated events subsequent to June 30, 2016, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 9, 2016, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 3 - INVESTMENTS

The League reports its operating and endowment investments at fair value among three categories of price inputs available. These categories of inputs are quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3, of which there were none at June 30, 2016).

Investments consist of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 2,825,928	\$ -	\$ -	\$ 2,825,928
Equities	4,292,338	-	-	4,292,338
Corporate bonds	-	671,888	-	671,888
Government securities	515,480	58,221	-	573,701
Money market accounts	<u>721,935</u>	<u>-</u>	<u>-</u>	<u>721,935</u>
<b>Total</b>	<b><u>\$ 8,355,681</u></b>	<b><u>\$ 730,109</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,085,790</u></b>

Activity in the investments during the year was as follows:

Balance, beginning of year	\$ 9,543,549
Proceeds from sales of investments	(6,522,797)
Purchases of investments and reinvestment of earnings, net of fees	6,689,209
Realized losses on sales of investments	(552,650)
Unrealized losses on investments	<u>(71,521)</u>
<b>Balance, end of year</b>	<b><u>\$ 9,085,790</u></b>

At June 30, 2016, investments are categorized as follows:

Endowment (see Note 5)	\$ 6,240,879
Operating	<u>2,844,911</u>
	<b><u>\$ 9,085,790</u></b>



**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Computers and software	\$ 159,497
Furniture and fixtures	601,898
Land	268,967
Leasehold improvements	565,003
Office and other equipment	52,120
Vehicles	<u>48,505</u>
	1,695,990
Accumulated depreciation and amortization	<u>(889,684)</u>
	<u>\$ 806,306</u>

On August 31, 2015, the League sold its properties at 1363-1367 St. Andrews, 1375 St. Andrews, 5620 De Longpre and 5607 Fernwood for gross proceeds of \$9,225,000 and immediately granted and transferred \$8,500,000 of the proceeds to its affiliated organization Friends of the League Foundation (the "Foundation"). The Foundation was established for the exclusive benefit of the League. The Foundation funds will be invested and will be distributed annually to the League according to a spending plan and will be used to offset administrative costs so that League fundraising can directly benefit the services of the League. The Foundation funds may also be used to acquire a permanent chapter house in the future. The League continues to own the Fernwood parking lot and also has a 95-year lease on the Assistance League Playhouse.

The following is a summary of the resulting gain on sale recognized:

Gross Sale Proceeds	\$ 9,225,000
Selling Expenses	<u>(303,488)</u>
Net Proceeds	8,921,512
Cost Basis of Property and Equipment, net	<u>(558,638)</u>
Gain on Sale of Land and Buildings	<u>\$ 8,362,874</u>

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 5 - ENDOWMENTS

The League endowments and quasi-endowments consist of pooled funds established for the purposes as described below. The Board has interpreted the California Uniform Prudent Management of Institutional Funds Act ("Cal UPMIFA") as requiring the preservation of the fair value of donor-restricted endowment funds. Donor-restricted endowment funds not classified as permanently restricted are classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with donor intentions and the standard of prudence prescribed by Cal UPMIFA.

In accordance with Cal UPMIFA, the League considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the League and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the League
- (7) The investment policies of the League.

Return Objectives and Risk Parameters

The League has adopted investment and spending policies for endowment assets to provide for growth and income for its endowment assets. This is a balanced approach that seeks long-term growth in capital along with significant current income that will earn returns in excess of a passive set of market indices representative of the invested portfolio's asset allocation. Endowment assets include those assets of donor-restricted funds classified as permanently and temporarily restricted net assets as well as Board-designated funds. Under the investment policy, endowment assets are invested to return 6% on a compound annual return basis after the deduction of management fees and annualized over three five-year rolling time periods and a full market cycle. Actual returns in any given year may vary from this amount.

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 5 - ENDOWMENTS (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the League relies on diversification through asset allocation with the targets for invested assets as follows: equities 45%, fixed income 45%, and commodities and other investments 10%. Management, members of the Finance Committee, and the League investment advisors meet regularly to ensure the strategies and investment performance are appropriate for the League.

Spending Policy and How Investment Objectives Relate to Spending Policy

The League's spending policy provides for a distribution of 3.6% annually, calculated over twelve trailing quarters. By special resolution, any amount of the Board-designated endowment may be withdrawn for any purpose consistent with the mission of the League, and any amount of temporarily restricted term endowments may be appropriated for expenditure in accordance with the donors' specific instructions. During the year ended June 30, 2016, \$159,411 was distributed from the unrestricted Board-designated endowment and \$98,315 from the temporarily restricted term endowment.

Endowment Net Asset Composition by Type of Fund

Endowment net assets are classified as follows:

	Unrestricted	<u>Donor-Restricted</u>		
	Board-	Temporarily	Permanently	
	<u>Designated</u>	<u>Restricted</u>	<u>Restricted</u>	<u>Total</u>
Operation School Bell	\$ -	\$ 418,953	\$ 60,000	\$ 478,953
Theatre for Children	-	619,331	734,587	1,353,918
Children's Services	-	51,365	549,628	600,993
Senior Services	-	8,633	100,000	108,633
General Endowment	<u>3,666,221</u>	<u>4,441</u>	<u>27,442</u>	<u>3,698,104</u>
	<u>\$ 3,666,221</u>	<u>\$ 1,102,723</u>	<u>\$ 1,471,657</u>	<u>\$ 6,240,601</u>

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 5 - ENDOWMENTS (Continued)

Changes in Endowment Net Assets During the Year

A donor released the permanent restriction on an endowment of \$811,433 and funds were transferred to the board-designated reserve. Activity in the endowments during the year was as follows:

	<u>Unrestricted Board- Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, June 30, 2015	\$ 3,216,046	\$ 1,344,720	\$ 2,283,090	\$ 6,843,856
Investment earnings, net	(136,298)	(209,231)	-	(345,529)
Appropriated for expenditure and distributed	(159,411)	(98,315)	-	(257,726)
Reclassification of net assets	<u>745,884</u>	<u>65,549</u>	<u>(811,433)</u>	<u>-</u>
Balance, June 30, 2016	<u>\$ 3,666,221</u>	<u>\$ 1,102,723</u>	<u>\$ 1,471,657</u>	<u>\$ 6,240,601</u>

NOTE 6 - NET ASSETS

The League has net assets that fall into one of three categories - unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets may be designated by the Board for specific purposes, as described below. Temporarily restricted net assets have been designated by donors for specific purposes as described below. Permanently restricted net assets are detailed in Note 5.

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 6 - NET ASSETS (Continued)

Unrestricted Board-Designated Net Assets

At June 30, 2016, unrestricted Board-designated net assets are as follows:

Unrestricted Board-designated endowment (see Note 5)	\$	3,666,221
Theatre for Children		268,278
Preschool Learning Center		301,818
Operation School Bell - inventory		176,239
Foster Children's Resource Center - inventory		63,395
Auxiliary carryover		<u>99,709</u>
	<u>\$</u>	<u>4,575,660</u>

Temporarily Restricted Net Assets

Activity in temporarily restricted net assets during the year was as follows:

	<u>Releases from Restrictions</u>	<u>Reclassification of net assets</u>	<u>Balance, June 30, 2016</u>
Donor-restricted term endowment (see Note 5)	\$ (98,315)	\$ 65,549	\$ 1,102,723
Operation School Bell	(492,468)	-	688,617
Theatre for Children	(126,205)	-	-
Foster Children's Resource Center	(103,767)	-	122,653
Hollywood Children's Club	(131)	-	18,005
Children's Services	(32,025)	-	59,000
NOP Capital Improvements	(28,000)	-	28,000
Bekins Grant - NOP Facility Repairs	<u>(20,090)</u>	<u>-</u>	<u>58,219</u>
	<u>\$ (901,001)</u>	<u>\$ 65,549</u>	<u>\$ 2,077,217</u>

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 7 - CONTRIBUTED GOODS AND RENT

Contributed goods and rent during the year were as follows:

Rent	\$ 111,595
Assistance to individuals	108,606
Miscellaneous	<u>9,794</u>
	<u>\$ 229,995</u>

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Retirement Plan

The League offers an IRC Section 401(k) plan (the "Plan") to its employees who are at least 21 years old and have completed six months and 500 hours of service. Plan participants are permitted to defer up to 20% of their compensation and the League will match 25% of the first 4% of contributions. Employer contributions vest after six years of service. For the year ended June 30, 2016, the League contributed \$8,547 as matching contributions.

Operating Leases

In 2015 the League began a 3-year lease of its headquarters through July 2018. In addition, the League leases certain equipment and other facilities under noncancellable operating leases expiring various dates through 2021.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year Ending June 30,</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
2017	\$ 271,123	\$ 8,624	\$ 279,747
2018	274,562	6,213	280,775
2019	9,351	5,795	15,146
2020	-	3,205	3,205
2021	<u>-</u>	<u>2,938</u>	<u>2,938</u>
	<u>\$ 555,036</u>	<u>\$ 26,775</u>	<u>\$ 581,811</u>

Rent expense for the year under operating leases	\$ <u>321,800</u>	\$ <u>10,382</u>	\$ <u>332,182</u>
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**ASSISTANCE LEAGUE® OF LOS ANGELES**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 8 - COMMITMENTS AND CONTINGENCIES (Continued)

Litigation

In the normal course of operations, the League is named as a defendant in lawsuits and is subject to periodic examinations by regulatory agencies, none of which is expected to have a materially adverse impact on the League.

Government Grants

Certain programs of the League receive funding and support from local, state or federal governments. Accordingly, these programs are subject to audit that could result in adjustments. Management believes that liabilities, if any, resulting from any such audits will not have a material effect on the financial statements.

NOTE 9 - FUNDRAISING INCOME

The chapter conducts various fundraising events and activities to help fund current operations. The revenue and related expenses from such events and activities for the years ending June 30, 2016, are as follows:

	<u>Revenue</u>	<u>Cost of Merchandise Sold</u>	<u>Cost of Direct Benefits to Attendees</u>	<u>Other Costs</u>	<u>Net Revenue</u>
Operation School Bell Wheels Campaign and A Spring Affaire	\$ 219,273	\$ 2,548	\$ 31,476	\$ 8,924	\$ 176,325
Assisteens Catwalk for a Cause	27,046	-	10,599	2,687	13,760
Mannequins Sip & Shop	16,412	-	5,004	223	11,185
NOP Holiday Party	2,760	-	-	-	2,760
Founders' Day	201	-	-	-	201
	<u>\$ 265,692</u>	<u>\$ 2,548</u>	<u>\$ 47,079</u>	<u>\$ 11,834</u>	<u>\$ 204,231</u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Audit Committee  
**ASSISTANCE LEAGUE® OF LOS ANGELES**  
Los Angeles, California

We have audited, in accordance with U.S. GAAS and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the U.S., the financial statements of Assistance League® of Los Angeles (the "League") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated November 9, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the League's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the League's internal control. Accordingly, we do not express an opinion on the effectiveness of the League's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

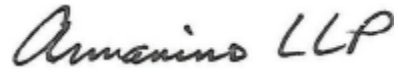
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the League's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the League's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the League's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino<sup>LLP</sup>  
Los Angeles, California

November 9, 2016

**SUPPLEMENTAL PROGRAM REPORTS REQUIRED BY  
THE CALIFORNIA DEPARTMENT OF EDUCATION**



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL PROGRAM REPORTS  
REQUIRED BY THE CALIFORNIA DEPARTMENT OF EDUCATION

To the Audit Committee  
**ASSISTANCE LEAGUE® OF LOS ANGELES**  
Los Angeles, California

We have audited the financial statements of Assistance League® of Los Angeles as of and for the year ended June 30, 2016, and have issued our report thereon dated November 9, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplemental program reports required by the California Department of Education for the year ended June 30, 2016, are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the CDE Audit Guide. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino<sup>LLP</sup>  
Los Angeles, California

November 9, 2016

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**GENERAL INFORMATION  
JUNE 30, 2016**

- |   |  |
|---|--|
| 1. Full Official Name of the Agency   | Assistance League® of Los Angeles  |
| 2. Program name and contract number:<br>Preschool Program   | CSPP-5648  |
| 3. Type of Agency   | Nonprofit Corporation  |
| 4. Address of Agency Headquarters   | 826 Cole Avenue<br>Los Angeles, California 90038   |
| 5. Name and Address of Executive Director and<br>Name of Chief Executive Officer, Business<br>Officer or Accountant |  |
| Chief Executive Officer   | Melanie Merians<br>826 Cole Avenue<br>Los Angeles, California 90038                        |
| Board President   | Andrea Goodman   |
| 6. Telephone Number   | (323) 465-5281   |
| 7. Period Covered by Examination  | July 1, 2015, through June 30, 2016  |
| 8. Number of Days of Agency's Operation   | 250  |
| 9. Scheduled Hours of Operation of Each Day   | Monday through Friday, Except Holidays<br>From 7:00 am to 6:00 pm<br>Open 11 hours per day |

ASSISTANCE LEAGUE® OF LOS ANGELES  
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL GOVERNMENT AWARDS  
For the Year Ended June 30, 2016

Federal Grantor/Program Title	Grant Period	CFDA Number	Project Number Contract Number	Award Amount	Federal Expenditures	State Expenditures	Local/Other Expenditures	Total Expenditures
<b>Pass-Through Awards Federal:</b>								
State of California								
California Department of Education								
U.S. Department of Agriculture								
Child and Adult Care Food Program	07/01/2015 - 09/30/2015	10.558	04524-CACFP-19-NP-IC (CNIPS)	17,396	17,396	-	-	17,396
Child and Adult Care Food Program	10/01/2015 - 6/30/16 (Prog to 9/30/2016)	10.558	04524-CACFP-19-NP-IC (CNIPS)	49,596	49,596	-	-	49,596
State of California				<u>66,992</u>	<u>66,992</u>	<u>-</u>	<u>-</u>	<u>66,992</u>
<b>Pass-Through Awards Other Governments:</b>								
State of California								
California Department of Education								
PreKindergarten and Family Literacy	07/01/2015 - 06/30/2016	NA	19-E760-00-1 CPKS-5117	2,500	-	2,422	-	2,422
California State Preschool Program	07/01/2015 - 06/30/2016	NA	19-E760-00-1 CSPP-5648	499,018	-	499,018	-	499,018
California Department of Education				<u>501,518</u>	<u>-</u>	<u>501,440</u>	<u>-</u>	<u>501,440</u>
State of California				<u>501,518</u>	<u>-</u>	<u>501,440</u>	<u>-</u>	<u>501,440</u>
County of Los Angeles								
Grant to FCRC	05/01/2016 - 12/31/2016	NA	Sheila Kuehl District Discretionary Grant	5,000	-	-	5,000	5,000
County of Los Angeles				<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Pass-Through Awards Other Governments				<u>506,518</u>	<u>-</u>	<u>501,440</u>	<u>5,000</u>	<u>506,440</u>
<b>TOTAL GOVERNMENT AWARDS</b>				<b><u>573,510</u></b>	<b><u>66,992</u></b>	<b><u>501,440</u></b>	<b><u>5,000</u></b>	<b><u>573,432</u></b>

*Note 1 - Basis of Presentation*

The accompanying *Schedule of Expenditures of Federal, State, and Local Government Awards* includes the expenditures of federal, state, and local awards of Assistance League® of Los Angeles; these expenditures are presented on the accrual basis of accounting. The federal information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**COMBINING STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2016**

	<b>Cal State Preschool</b>	<b>Pre Kinder &amp; Family Literacy</b>			
	<b><u>CSPP-5648</u></b>	<b><u>CPKS-5117</u></b>	<b><u>Other Programs</u></b>	<b><u>Total</u></b>	
<b>Revenue</b>					
Contributions	\$ 45,524	\$ -	\$ 820,186	\$ 865,710	
Government grants	499,018	2,422	2,578	504,018	
Government grants - nutrition	66,992	-	-	66,992	
Contributed goods and services	-	-	229,995	229,995	
Fundraising	-	-	265,692	265,692	
Membership fees and obligations	-	-	100,430	100,430	
Program service fees	4,311	-	2,029,581	2,033,892	
Facilities rentals	-	-	74,609	74,609	
Other income	-	-	23,190	23,190	
<b>Total Revenue</b>	<b>\$ 615,845</b>	<b>\$ 2,422</b>	<b>\$ 3,546,261</b>	<b>\$ 4,164,528</b>	
<b>Expenses</b>					
Personnel Expenses					
Salaries and wages	\$ 296,940	\$ -	\$ 1,483,992	\$ 1,780,932	
Employee benefits	31,206	-	271,499	302,705	
Payroll taxes	79,658	-	75,929	155,587	
Subtotal Personnel Expenses	\$ 407,804	\$ -	\$ 1,831,420	\$ 2,239,224	
Other Expenses					
Advertising and recruiting	\$ -	\$ -	\$ 9,681	\$ 9,681	
Assistance to individuals	-	-	396,377	396,377	
Depreciation and amortization	-	-	89,775	89,775	
Dues, fees and conferences	2,384	-	29,211	31,595	
Equipment	948	-	2,885	3,833	
Insurance	1,560	-	193,705	195,265	
Mileage, transportation and travel	-	-	33,658	33,658	
Miscellaneous	54	-	31,966	32,020	
Occupancy	19,782	-	620,642	640,423	
Office and technology supplies	15,392	-	50,862	66,254	
Printing, copying, postage and publishing	1,895	-	47,601	49,496	
Professional fees and service contracts	18,682	-	700,481	719,163	
Program costs	191	2,422	17,490	20,103	
Program supplies - nutrition-related costs	54,043	-	221	54,263	
Special events	-	-	68,044	68,044	
Taxes, licenses and fees	-	-	69,452	69,452	
Telephone	5,262	-	112,099	117,361	
Vehicle	-	-	7,850	7,850	
Website and internet	1,360	-	91,591	92,951	
Subtotal Other Expenses	\$ 121,553	\$ 2,422	\$ 2,573,589	\$ 2,697,564	
Indirect Costs	42,349	-	(42,349)	-	
Non-reimbursable Indirect Costs	45,524	-	(45,524)	-	
<b>Total Expenses</b>	<b>\$ 617,230</b>	<b>\$ 2,422</b>	<b>\$ 4,317,136</b>	<b>\$ 4,936,788</b>	
<b>Change in Net Assets from Operations</b>	<b>\$ (1,385)</b>	<b>\$ -</b>	<b>\$ (770,875)</b>	<b>\$ (772,260)</b>	

See accompanying auditor's report and notes to financial statements.

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**COMBINING SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES**

**YEAR ENDED JUNE 30, 2016**

	<u>Preschool CSPP-5648</u>	<u>Pre Kinder and Family Literacy CPKS-5117</u>	<u>Total Costs</u>
<b>UNIT COST UNDER \$10,000 ITEM</b>			
Building and equipment maintenance	\$ 7,777	\$ -	\$ 7,777
<i>Total</i>	7,777	-	7,777
<b>UNIT COST OVER \$10,000 WITH CDE APPROVAL</b>			
<i>Total</i>	-	-	-
<b>UNIT COST OVER \$10,000 WITHOUT CDE APPROVAL</b>			
<i>Total</i>	-	-	-
<b>TOTAL RENOVATION AND REPAIR EXPENDITURES</b>	<u>\$ 7,777</u>	<u>\$ -</u>	<u>\$ 7,777</u>

*Description of Renovations: Replaced flooring; repairs and maintenance; annual fire service.*

**ASSISTANCE LEAGUE® OF LOS ANGELES**  
**SCHEDULE OF EQUIPMENT EXPENDITURES**  
**YEAR ENDED JUNE 30, 2016**

**UNIT COST UNDER \$7,500 ITEM**

Pole covers	\$ 512
Rainbow table	222
Lockers	<u>214</u>
<i>Total</i>	948

**UNIT COST OVER \$7,500 WITH CDE APPROVAL**

<i>Total</i>	-
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**UNIT COST OVER \$10,000 WITHOUT CDE APPROVAL**

<i>Total</i>	<u>-</u>
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<b><i>TOTAL EQUIPMENT EXPENDITURES</i></b>	<b><u>\$ 948</u></b>
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See accompanying auditor's report and notes to financial statements.



**ASSISTANCE LEAGUE® OF LOS ANGELES**  
**COMBINING SCHEDULE OF ADMINISTRATIVE COSTS**  
**YEAR ENDED JUNE 30, 2016**

	Preschool CSPP-5648	Pre Kinder and Family Literacy CPKS-5117	Total Costs
Administrative Salaries	\$ 19,824	\$ -	\$ 19,824
Employee Benefits	7,394	-	7,394
<b>TOTAL</b>	27,218	-	27,218
Indirect Costs @ 8% Maximum	42,349	-	42,349
<b>TOTAL ADMINISTRATIVE COSTS</b>	<b>\$ 69,567</b>	<b>\$ -</b>	<b>\$ 69,567</b>

*Maximum allowable administrative costs is calculated as total reimbursable expenses minus restricted income multiplied by 15%. Amount reimbursed was at an 8% indirect rate.*

**ASSISTANCE LEAGUE® OF LOS ANGELES**

**COMBINING SCHEDULE OF EXPENDITURES BY STATE CATEGORIES**

**YEAR ENDED JUNE 30, 2016**

<u>Expenditures</u>	<u>Preschool CSPP-5648</u>	<u>Pre Kinder &amp; Family Literacy CPKS-5117</u>	<u>Total Reimbursable</u>
1000	Certificated Salaries		
1000	\$ 296,940	\$ -	\$ 296,940
2000	Classified Salaries		
2300	Clerical and other office salaries		
	-	-	-
3000	Employee Benefits		
3300	21,793	-	21,793
3400	31,206	-	31,206
3500	3,973	-	3,973
3600	53,892	-	53,892
	<u>110,864</u>	<u>-</u>	<u>110,864</u>
4000	948	-	948
4300	53,623	2,422	56,045
	<u>54,571</u>	<u>2,422</u>	<u>56,993</u>
5000	Services and Other Operating Expenses		
5500	17,311	-	17,311
5800	49,671	-	49,671
	<u>66,982</u>	<u>-</u>	<u>66,982</u>
6000	Capital Outlay		
	Depreciation		
	<u>42,349</u>	<u>-</u>	<u>42,349</u>
	<u>42,349</u>	<u>-</u>	<u>42,349</u>
	<u>\$ 571,706</u>	<u>\$ 2,422</u>	<u>\$ 574,128</u>

*We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.*

See accompanying auditor's report and notes to financial statements.

## AUDITED ATTENDANCE AND FISCAL REPORT

### for California State Preschool Programs

Agency Name: ASSISTANCE LEAGUE OF LOS ANGELES Vendor No. E760  
 Fiscal Year Ended: June 30, 2016 Contract No. CSPP-5648  
 Independent Auditor's Name: ARMANINO LLP

<b>SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT</b>	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>	<b>COLUMN D</b>	<b>COLUMN E</b>
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time			-	1.0000	-
Three-quarters-time			-	0.7500	-
One-half-time			-	0.6195	-
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time			-	1.2000	-
Three-quarters-time			-	0.9000	-
One-half-time			-	0.6195	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time	12,583		12,583	1.1000	13,841.300
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6195	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6195	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6195	-
<b>TOTAL DAYS OF ENROLLMENT</b>	12,583	-	12,583		13,841.300
<b>DAYS OF OPERATION</b>	250		250		
<b>DAYS OF ATTENDANCE</b>	12,583		12,583		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT  
for California State Preschool Programs**

Agency Name: ASSISTANCE LEAGUE OF LOS ANGELES Vendor No. E760

Fiscal Year End: June 30, 2016 Contract No. CSPP-5648

	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>
	<b>CUMULATIVE FISCAL YEAR PER FORM CDFS 8501</b>	<b>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</b>	<b>CUMULATIVE FISCAL YEAR PER AUDIT</b>
<b>SECTION III - REVENUE</b>			
<b>RESTRICTED INCOME</b>			
Child Nutrition Programs	\$66,992		\$66,992
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Other (Specify):			0
<b>Subtotal</b>	\$66,992	\$0	\$66,992
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
<b>Subtotal</b>	\$0	\$0	\$0
Family Fees for Certified Children	4,311		4,311
Interest Earned on Apportionments			0
<b>UNRESTRICTED INCOME</b>			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
<b>TOTAL REVENUE</b>	\$71,303	\$0	\$71,303

<b>SECTION IV - REIMBURSABLE EXPENSES</b>			
<i>Direct Payments to Providers (FCCH Only)</i>			
			\$0
1000 Certificated Salaries	297,601	(661)	296,940
2000 Classified Salaries			0
3000 Employee Benefits	110,934	(70)	110,864
4000 Books and Supplies	54,571		54,571
5000 Services and Other Operating Expenses	66,677	305	66,982
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs Rate: 8.00% (Rate is Self-Calculating)	42,383	(34)	42,349
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$572,166	(\$460)	\$571,706
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	\$69,601	(\$34)	\$69,567
<b>FOR CDE-A&amp;I USE ONLY:</b>			

**Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:**

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

YES

NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

YES

NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or expenses to report.

**AUDITED ATTENDANCE AND FISCAL REPORT  
for California State Preschool Programs**

Agency Name: ASSISTANCE LEAGUE OF LOS ANGELES Vendor No. E760

Fiscal Year End: June 30, 2016 Contract No. CSPP-5648

	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>
	<b>CUMULATIVE FISCAL YEAR PER FORM CDFS 8501</b>	<b>AUDIT ADJUSTMENT INCREASE OR</b>	<b>CUMULATIVE FISCAL YEAR PER AUDIT</b>
<b>SECTION V - SUPPLEMENTAL REVENUE</b>			
Enhancement Funding			\$0
Other (Specify): Contributions, Rental Income, Misc.	45,563	(39)	45,524
Other (Specify):			0
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	\$45,563	(\$39)	\$45,524

**SECTION VI - SUPPLEMENTAL EXPENSES**

<b>EXPENSES RELATED TO SUPPLEMENTAL REVENUE</b>			
1000 Certificated Salaries			\$0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs	45,563	(39)	45,524
<b>NONREIMBURSABLE EXPENSES</b>			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL EXPENSES</b>	\$45,563	(\$39)	\$45,524

COMMENTS - If necessary, attach additional sheets to explain adjustments:

**AUDITED FISCAL REPORT  
for Child Development Support Contracts**

Agency Name: ASSISTANCE LEAGUE OF LOS ANGELES Vendor No. E760

Fiscal Year End: June 30, 2016 Contract No. CPKS-5117

Multi-Year Contract? (Check "No" Box or Enter Contract Period):  No: \_\_\_\_\_ or Period: \_\_\_\_\_

Independent Auditor's Name: ARMANINO LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	PRIOR YEAR'S AUD 9529 ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	CURRENT FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
<b>SECTION I - REVENUE</b>				
RESTRICTED INCOME				
Match Requirement				\$0
County Maintenance of Effort (EC § 8279)				0
Other (Specify):				0
Other (Specify):				0
<b>Subtotal</b>	\$0	\$0	\$0	\$0
INTEREST EARNED ON APPORTIONMENTS				0
UNRESTRICTED INCOME				
Other (Specify):				0
Other (Specify):				0
<b>TOTAL REVENUE</b>	\$0	\$0	\$0	\$0

**SECTION II - REIMBURSABLE EXPENSES**

1000 Certificated Salaries				\$0
2000 Classified Salaries				0
3000 Employee Benefits				0
4000 Books and Supplies		2,422		2,422
5000 Services and Other Operating Expenses				0
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment (program-related)				0
6500 Replacement Equipment (program-related)				0
Depreciation or Use Allowance				0
Indirect Costs Rate: 0.00%				0
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$0	\$2,422	\$0	\$2,422
TOTAL ADMINISTRATIVE COSTS (included in section II above)				\$0
FOR CDE-A&I USE ONLY:				

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box & omit page 2 if there are no supplemental revenues or expenses to