

**ASSISTANCE LEAGUE® OF LOS ANGELES**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

**ASSISTANCE LEAGUE® OF LOS ANGELES**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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**AUDIT  
AND  
ASSURANCE**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Assistance League® of Los Angeles

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Assistance League® of Los Angeles, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Assistance League® of Los Angeles as of June 30, 2021, 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.

To the Board of Directors  
Assistance League® of Los Angeles

**Report on Summarized Comparative Information**

We have previously audited Assistance League® of Los Angeles' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021 on our consideration of Assistance League® of Los Angeles' 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 Assistance League® of Los Angeles' internal control over financial reporting and compliance.

*Green Hasson & Janks LLP*

November 19, 2021  
Los Angeles, California

**ASSISTANCE LEAGUE® OF LOS ANGELES**

STATEMENT OF FINANCIAL POSITION

June 30, 2021

With Summarized Totals at June 30, 2020

ASSETS	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Cash and Cash Equivalents	\$ 2,433,808	\$ -	\$ 2,433,808	\$ 3,628,734
Investments	4,848,574	3,607,650	8,456,224	7,197,487
Pledges Receivable	5,175	-	5,175	100,000
Bequests Receivable (Net)	415,125	792,020	1,207,145	1,347,344
Prepaid Expenses and Other Assets	249,171	-	249,171	245,423
Inventory	744,541	-	744,541	740,376
Property and Equipment (Net)	17,991,450	-	17,991,450	12,152,200
Beneficial Interest in Assets Held by Affiliate	-	37,162,051	37,162,051	36,991,938
<b>TOTAL ASSETS</b>	<b>\$ 26,687,844</b>	<b>\$ 41,561,721</b>	<b>\$ 68,249,565</b>	<b>\$ 62,403,502</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 251,171	\$ -	\$ 251,171	\$ 1,079,915
Accrued Liabilities	176,514	-	176,514	106,232
Paycheck Protection Program Loan	414,168	-	414,168	442,900
<b>TOTAL LIABILITIES</b>	<b>841,853</b>	<b>-</b>	<b>841,853</b>	<b>1,629,047</b>
<b>NET ASSETS:</b>				
Without Donor Restrictions				
Undesignated	18,967,559	-	18,967,559	14,021,497
Board Designated	6,878,432	-	6,878,432	5,901,680
With Donor Restrictions	-	41,561,721	41,561,721	40,851,278
<b>TOTAL NET ASSETS</b>	<b>25,845,991</b>	<b>41,561,721</b>	<b>67,407,712</b>	<b>60,774,455</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 26,687,844</b>	<b>\$ 41,561,721</b>	<b>\$ 68,249,565</b>	<b>\$ 62,403,502</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**ASSISTANCE LEAGUE® OF LOS ANGELES**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUE AND SUPPORT:</b>				
Contributions	\$ 5,801,597	\$ 980,155	\$ 6,781,752	\$ 12,111,651
Bequests	649,584	10,000	659,584	673,220
Government Grants and Contracts	697,218	-	697,218	694,596
Special Events (Net)	5,013	375	5,388	470,975
Contributions In-Kind	275,592	-	275,592	389,891
Program Service Fees	736,067	-	736,067	1,138,935
Other Income	57,595	-	57,595	106,739
<b>TOTAL REVENUE AND SUPPORT</b>	<b>8,222,666</b>	<b>990,530</b>	<b>9,213,196</b>	<b>15,586,007</b>
<b>EXPENSES:</b>				
Program Services	3,580,310	-	3,580,310	4,193,645
Management and General	611,390	-	611,390	704,825
Fundraising	510,216	-	510,216	728,359
<b>TOTAL OPERATING EXPENSES</b>	<b>4,701,916</b>	<b>-</b>	<b>4,701,916</b>	<b>5,626,829</b>
Net Assets Released from Donor Restrictions	830,911	(830,911)	-	-
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>4,351,661</b>	<b>159,619</b>	<b>4,511,280</b>	<b>9,959,178</b>
Investment Return (Net)	1,128,253	380,711	1,508,964	414,174
Paycheck Protection Program Loan Forgiveness	442,900	-	442,900	-
Change in Value of Beneficial Interest in Assets Held by Affiliate	-	170,113	170,113	(9,365,962)
<b>CHANGE IN NET ASSETS</b>	<b>5,922,814</b>	<b>710,443</b>	<b>6,633,257</b>	<b>1,007,390</b>
Net Assets - Beginning of Year	19,923,177	40,851,278	60,774,455	59,767,065
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 25,845,991</b>	<b>\$ 41,561,721</b>	<b>\$ 67,407,712</b>	<b>\$ 60,774,455</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**ASSISTANCE LEAGUE® OF LOS ANGELES**

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2021  
With Summarized Totals for the Year Ended June 30, 2020

	2021											2020 Total
	Program Services						Total Program Services	Supporting Services		Total Support Services	Total	
	CRVC	FCRC	Theatre for Children	Operation School Bell	Preschool Learning Center	Other Programs		Management and General	Fundraising			
Salaries	\$ 801,134	\$ 29,553	\$ 44,517	\$ 42,208	\$ 523,108	\$ 7,939	\$ 1,448,459	\$ 163,287	\$ 274,596	\$ 437,883	\$ 1,886,342	\$ 1,956,774
Employee Benefits	105,532	2,224	2,919	3,177	86,464	598	200,914	23,483	36,530	60,013	260,927	297,455
Payroll Taxes	59,080	2,120	3,129	3,028	34,205	569	102,131	11,937	18,569	30,506	132,637	165,911
<b>TOTAL PERSONNEL COST</b>	<b>965,746</b>	<b>33,897</b>	<b>50,565</b>	<b>48,413</b>	<b>643,777</b>	<b>9,106</b>	<b>1,751,504</b>	<b>198,707</b>	<b>329,695</b>	<b>528,402</b>	<b>2,279,906</b>	<b>2,420,140</b>
Advertising and Recruiting	215	40	6,177	57	169	10	6,668	163	278	441	7,109	9,535
Assistance to Individuals	13,812	151,116	3,554	156,204	26,841	43,331	394,858	-	-	-	394,858	512,952
Depreciation	37,791	7,001	6,750	9,999	29,681	1,881	93,103	10,882	16,928	27,810	120,913	135,586
Dues, Fees, and Conferences	7,232	1,340	1,292	1,964	6,561	3,390	21,779	693	63	756	22,535	58,440
Equipment	203	23	2,110	33	244	6	2,619	36	56	92	2,711	3,973
Insurance	48,666	6,779	6,536	9,682	30,383	1,821	103,867	10,537	16,391	26,928	130,795	125,372
Interest	-	-	-	-	-	-	-	-	-	-	-	410,616
Mileage, Transportation, and Travel	5,061	-	-	-	1	-	5,062	258	25	283	5,345	6,605
Miscellaneous	1,053	195	188	44,996	827	78	47,337	3,259	585	3,844	51,181	16,278
Occupancy	150,736	54,968	91,021	91,838	243,303	5,163	637,029	28,094	43,703	71,797	708,826	693,168
Office and Technology Supplies	19,139	1,243	1,245	2,209	12,811	1,814	38,461	1,532	1,614	3,146	41,607	36,499
Printing, Copying, Postage, and Publishing	22,599	2,609	3,755	3,557	9,534	1,086	43,140	2,657	17,340	19,997	63,137	64,327
Professional Fees and Service Contracts	57,175	2,467	76,375	4,251	35,722	1,027	177,017	333,022	58,434	391,456	568,473	662,078
Program Costs	66	52	2,659	-	6,708	1,732	11,217	-	-	-	11,217	48,007
Program Supplies - Nutrition	-	-	-	-	61,076	-	61,076	-	-	-	61,076	52,751
Special Events	-	-	-	-	-	-	-	-	-	-	-	112,117
Taxes and Licenses	14,273	556	103	69	1,218	64	16,283	11,496	4,805	16,301	32,584	39,811
Telephone	34,931	1,013	977	1,447	9,043	273	47,684	1,855	3,524	5,379	53,063	81,234
Vehicle Expense	733	86	83	1,815	364	23	3,104	169	208	377	3,481	4,579
Website and Internet	73,920	5,836	6,265	7,915	23,217	1,349	118,502	8,030	16,567	24,597	143,099	132,761
<b>TOTAL 2021 FUNCTIONAL EXPENSES</b>	<b>\$ 1,453,351</b>	<b>\$ 269,221</b>	<b>\$ 259,655</b>	<b>\$ 384,449</b>	<b>\$ 1,141,480</b>	<b>\$ 72,154</b>	<b>\$ 3,580,310</b>	<b>\$ 611,390</b>	<b>\$ 510,216</b>	<b>\$ 1,121,606</b>	<b>\$ 4,701,916</b>	
	31%	6%	6%	8%	24%	2%	77%	12%	11%	23%	100%	
<b>TOTAL 2020 FUNCTIONAL EXPENSES</b>	<b>\$ 1,820,444</b>	<b>\$ 151,700</b>	<b>\$ 259,280</b>	<b>\$ 621,797</b>	<b>\$ 1,237,017</b>	<b>\$ 103,407</b>	<b>\$ 4,193,645</b>	<b>\$ 704,825</b>	<b>\$ 728,359</b>	<b>\$ 1,433,184</b>		<b>\$ 5,626,829</b>
	32%	3%	5%	11%	22%	2%	75%	12%	13%	25%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

**ASSISTANCE LEAGUE® OF LOS ANGELES**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 6,633,257	\$ 1,007,390
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	120,913	135,586
Write-Off of Uncollectible Pledge Receivable	45,000	-
Donated Securities	(24,616)	(5,149)
Change in Beneficial Interest in Assets Held by Affiliate	(170,113)	9,365,962
Realized and Unrealized Gains on Investments	(1,395,606)	(277,750)
Forgiveness of Paycheck Protection Program Loan	(442,900)	-
(Increase) Decrease in:		
Pledges Receivable	49,825	(30,759)
Bequests Receivable	140,199	3,012,297
Prepaid Expenses and Other Assets	(3,748)	145,077
Inventory	(4,165)	(116,223)
Increase (Decrease) in:		
Accounts Payable	(828,744)	690,050
Accrued Liabilities	70,282	(42,908)
	<u>4,189,584</u>	<u>13,883,573</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds on Sale of Investments	2,823,273	2,190,086
Purchase of Investments	(2,661,788)	(2,043,688)
Purchase of Property and Equipment	<u>(5,960,163)</u>	<u>(1,159,649)</u>
	<u>(5,798,678)</u>	<u>(1,013,251)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment on Note Payable to Affiliate	-	(11,000,000)
Proceeds from Paycheck Protection Program Loan	<u>414,168</u>	<u>442,900</u>
	<u>414,168</u>	<u>(10,557,100)</u>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
	<u>414,168</u>	<u>(10,557,100)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,194,926)	2,313,222
Cash and Cash Equivalents - Beginning of Year	<u>3,628,734</u>	<u>1,315,512</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,433,808</u>	<u>\$ 3,628,734</u>

The Accompanying Notes are an Integral Part of These Financial Statements



# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 1 - NATURE OF ORGANIZATION

Assistance League® of Los Angeles (the League) is a chapter of National Assistance League®. The mission of the League, since 1919, is 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 various 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 number of children served is provided below:

	Number Served (Unaudited)
Operation School Bell	7,547
Theatre for Children	10,318
Foster Children's Resource Center	2,075
Preschool Learning Center	43
Bright Future Scholarship	46
	<u>20,029</u>

The number of volunteer hours to support those efforts was as follows:

	Volunteer Hours (Unaudited)
Anne Banning	4,135
College Alumnae	199
Family Membership	20
Founder Assisteens	778
Hilltoppers	5,802
League at Large	5,399
Mannequins	1,241
Nine O'Clock Players	3,498
Preschool Auxiliary	20
Young Professionals' Group	225
	<u>21,317</u>

During the year ended June 30, 2021, the League benefited from 21,317 hours of volunteer services, valued at approximately \$600,000 based on the current estimated national value of a volunteer hour of \$28.54, per the U.S. Department of Labor, Bureau of Labor Statistics. The services that these individuals rendered, while of great value to the League, do not meet the criteria for recognition under generally accepted accounting principles and, as such, are not recognized in the accompanying financial statements.

# **ASSISTANCE LEAGUE® OF LOS ANGELES**

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

### **NOTE 1 - NATURE OF ORGANIZATION** (continued)

#### **Operation School Bell**

Operation School Bell provides underserved and at-risk elementary school children with new clothing and supplies. Children from disadvantaged circumstances have improved school attendance, classroom behavior, confidence, and levels of engagement with their peers and school activities 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 also through the mobile facility Operation School Bell on Wheels. Due to the COVID-19 pandemic, Operation School Bell modified service in 2020-21 to prepare backpacks with clothing and other supplies and deliver safely to identified children.

#### **Theatre for Children**

The Theatre for Children program is the oldest children's theatre in Los Angeles, bringing the joy of live theatre to thousands of underserved and handicapped children every year. The productions are offered free of charge to children from Title I schools 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 arts education through the experience of live theatre. Due to the COVID-19 pandemic and limitations on field trips for schools in Los Angeles, Theatre for Children modified service in 2020-21 to produce videos of performances and behind-the-scenes infotainment which are shared on YouTube.

#### **Foster Children's Resource Center**

Foster Children's Resource Center (FCRC) provides critically needed clothing and supplies to children who enter foster care or are abruptly moved 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, pajamas, backpacks, school supplies, toys, books, and grooming kits to bolster their self-esteem during a difficult and vulnerable time in their lives. Due to the COVID-19 pandemic, FCRC modified service in 2020-21 to pack orders placed by social workers and foster parents for curbside pick-up.

#### **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

June 30, 2021

### NOTE 1 - NATURE OF ORGANIZATION (continued)

#### **Bright Future Scholarship**

The League awards financial support for graduating high school seniors from Los Angeles Unified School District's *Homeless Education Program and Foster Youth Achievement Program* who are entering their freshman year of college. The Bright Future Scholarship award is based on academic achievement, character, and commitment to the community. Scholarship awardees receive the same funding for freshman through senior years by maintaining no less than a 2.5 GPA.

#### **Court Referred Volunteer Center**

The Court Referred Volunteer Center (CRVC) program operates as a social enterprise providing revenue to help support League services. The CRVC program is in seven courthouses throughout Los Angeles County. The program refers clients sent from the courts to various nonprofit agencies throughout Los Angeles County to fulfill their court-mandated community service requirements. During the year ended June 30, 2021, CRVC connected more than 7,931 Angelenos to community service opportunities representing more than 589,000 volunteer hours (unaudited).

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **(a) BASIS OF PRESENTATION**

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### **(b) NET ASSETS**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by the Board of Directors of the League (the Board).
- **Net Assets With Donor Restrictions.** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments with original maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2021 approximates its fair value.

#### (d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year.

Securities are generally held in custodial investment accounts administered by financial institutions. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the statement of activities and represent the difference between the cost and fair value of investments held at the end of the fiscal year.

#### (e) CONCENTRATIONS OF CREDIT AND MARKET RISK

Financial instruments that potentially expose the League to concentrations of credit and market risk consist primarily of cash, cash equivalents and investments. Cash and cash equivalents are maintained at high-quality financial institutions and the accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The League has not experienced any losses on its uninsured cash or cash equivalents.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. However, the League's investments are not considered to represent significant concentrations of market risk due to adequate diversification among issuers.

#### (f) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions, including endowment gifts and pledges, as well as unconditional promises to give, are recognized as revenue in the period promised. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not included as revenue until the conditions on which they depend have been met. There were no conditional promises to give at June 30, 2021. Pledges receivable at June 30, 2021 are due in their entirety within one year. The League evaluated the collectibility of pledges receivable at June 30, 2021 and determined that no allowance for doubtful pledges was considered necessary.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) LEGACIES AND BEQUESTS RECEIVABLE

The League recognizes legacies and bequests when donors' wills have been declared valid by the probate court and the value of the amounts to be received is determinable. At June 30, 2021, the League's bequests receivable balance of \$1,207,145 (net of a present value discount of \$107,980) is considered by management to be collectible and consequently no allowance for doubtful bequests receivable was considered necessary.

#### (h) INVENTORY

Inventory, which consists primarily of clothing, backpacks and supplies to be used in the League's programs, is recorded at cost if purchased, or at fair market value if donated.

#### (i) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost at the date of acquisition if purchased or at estimated fair value at the date of donation if donated. Depreciation and amortization are computed using the straight-line basis over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings	40 Years
Furniture and Fixtures	5 - 7 Years
Office Equipment	5 Years
Vehicles	5 Years
Computers and Software	3 Years
Leasehold Improvements	Lesser of Useful Life or Life of Lease

Expenditures for repairs and maintenance are charged to expense as incurred while renewals and betterments are capitalized.

#### (j) LONG-LIVED ASSETS

The League evaluates the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the year ended June 30, 2021.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(k) BENEFICIAL INTEREST IN ASSETS HELD BY AFFILIATE**

The League is the sole corporate member of Friends of the League Foundation (the Foundation), which was formed to operate exclusively for the benefit of the League. However the League does not control the Foundation. According to the accounting rules governing financially interrelated entities, the League, as the ultimate beneficiary, recognizes a beneficial interest in the net assets raised and held on its behalf by the Foundation. Changes in the beneficial interest are reflected as a change in beneficial interest in assets held by affiliate in the statement of activities.

#### **(l) PAYCHECK PROTECTION PROGRAM LOANS**

Management has elected to account for the forgivable loans received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a debt instrument and to accrue interest on the outstanding loan balance. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loans will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the League has been legally released or (2) the League repays the loan to the lender.

#### **(n) GOVERNMENT GRANTS AND CONTRACTS**

The League recognizes government contracts and grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or nonreciprocal. The League's government grants and contracts are derived from nonreciprocal cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures up to an amount not to exceed the total contract authorized. Amounts received are recognized as revenue when the League has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At June 30, 2021, there were no refundable advances.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(p) CONTRIBUTED GOODS AND SERVICES**

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create 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. For the year ended June 30, 2021, the League recorded in-kind contributions of \$275,592 primarily for donated supplies and rent.

A substantial number of volunteers have donated significant amounts of their time to the League. The services that these individuals rendered do not meet the above criteria and, as such, are not recognized as revenue.

#### **(q) PROGRAM SERVICE FEES**

The League generates revenue from its CRVC program. The court referrals are reciprocal transactions and the program service fee revenue generated is recognized upon enrollment and placement, as that is when the League's performance obligation is satisfied. There were no receivables or advances related to program service fees at June 30, 2021.

#### **(r) INCOME TAXES**

The League is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic No. 740, *Uncertainty in Income Taxes*, the League recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2021, the League performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

#### **(s) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the League's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and supporting services by a method that best measures the relative degree of benefit. The League uses program census and salary dollars to allocate indirect costs.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (t) ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The League has adopted the fair value standard that clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Further, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The fair value accounting standard establishes a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

For cash, pledges receivable, bequests receivable, accounts payable, accrued liabilities and the Paycheck Protection Program loan, the carrying amounts represent a reasonable estimate of fair values due to their short-term maturity. Investments are reflected at estimated fair value as described in Note 3.

#### (u) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

#### (v) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 League's financial statements for the year ended June 30, 2020 from which the summarized information was derived.



# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (w) RECLASSIFICATIONS

For comparability, certain June 30, 2020 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at June 30, 2021.

#### (x) NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions, and various other narrow aspects, as identified and addressed in such updates. The League implemented this ASU during the year ended June 30, 2021. There was no significant impact to the League's financial statements as a result of the implementation of this ASU, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting of leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the financial statements. For the League, the ASU will be effective for the year ending June 30, 2023.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (x) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In September 2020, FASB issued ASU No. 2021-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as contributions in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For the League, the ASU will be effective for the year ending June 30, 2022.

#### (y) SUBSEQUENT EVENTS

The League has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2021 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 19, 2021, the date these financial statements were available to be issued. No such events were noted to have occurred, except as described in Note 5.

### NOTE 3 - INVESTMENTS

The following table presents information about the League's assets that are measured at fair value on a recurring basis at June 30, 2021 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 3,329,655	\$ 3,329,655	\$ -	\$ -
Equities	4,202,651	4,202,651	-	-
Corporate Bonds	364,323	-	364,323	-
Government Securities	301,276	272,490	28,786	-
Money Market Accounts	258,319	258,319	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 8,456,224</b>	<b>\$ 8,063,115</b>	<b>\$ 393,109</b>	<b>\$ -</b>

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 3 - INVESTMENTS (continued)

The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The corporate bonds and government securities within Level 2 have been valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

### NOTE 4 - BEQUESTS RECEIVABLE

Bequests receivable at June 30, 2021 are expected to be collected as follows:

Within One Year	\$ 515,125
In One to Five Years	400,000
Thereafter	<u>400,000</u>
<b>TOTAL</b>	1,315,125
Less: Present Value Discount at 1.95%	<u>(107,980)</u>
<b>BEQUESTS RECEIVABLE (NET)</b>	<u>\$ 1,207,145</u>

### NOTE 5 - PROPERTY AND EQUIPMENT

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

Land	\$ 7,472,243
Buildings	2,807,759
Furniture and Fixtures	749,351
Office Equipment	152,035
Vehicles	351,684
Computers and Software	296,950
Leasehold Improvements	651,269
Construction in Progress	<u>7,009,642</u>
<b>TOTAL</b>	19,490,933
Less: Accumulated Depreciation	<u>(1,499,483)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	<u>\$ 17,991,450</u>

Depreciation expense for the year ended June 30, 2021 was \$120,913.

In 2019, the League began renovation on the new permanent Chapter House located at 6640 Sunset Blvd., Los Angeles. At June 30, 2021, the estimated cost to complete the construction in progress amounted to approximately \$816,000. The League moved into the facility in September 2021.

# **ASSISTANCE LEAGUE® OF LOS ANGELES**

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

### **NOTE 6 - TRANSACTIONS WITH AFFILIATE**

During the year ended June 30, 2021, the Foundation made grants totaling \$6,000,000 to the League for general operations and construction costs.

The Foundation was established for the exclusive benefit of the League and distributes funds annually, when needed, according to a spending plan. The funds offset administrative costs so that League fundraising can directly benefit the services of the League. Since the League cannot determine the timing and amount of distributions from the Foundation, there is an implied time restriction on the League's beneficial interest in the assets held by the Foundation.

### **NOTE 7 - PAYCHECK PROTECTION PROGRAM LOANS**

In April 2020, the League applied for and received a first draw PPP loan in the amount of \$442,900, which was forgiven in full in February 2021. Also in February 2021, the League applied for and received a second draw PPP loan in the amount of \$414,168. The second draw PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of five years and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. If the League does not apply for forgiveness within period after the last day of the covered period, such payments will be due that month. To the extent that all or part of the second draw PPP loan are not forgiven, the League will be required to pay interest on the second draw PPP loan at a rate of 1.0% per annum. The terms of the second draw PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events.

At June 30, 2021 the total outstanding balance of the second draw PPP loan was \$414,168.

### **NOTE 8 - EMPLOYEE BENEFIT PLAN**

The League offers an Internal Revenue Code (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 100% of their eligible compensation, subject to certain limitations under the IRC, 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, 2021, the League contributed \$11,248 as matching contributions.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 9 - COMMITMENTS AND CONTINGENCIES

#### (a) OBLIGATIONS UNDER OPERATING LEASES

The League leases facilities and equipment under operating leases with various terms. As of June 30, 2021, no leases extended beyond one year.

Rent expense under operating leases for the year ended June 30, 2021 was \$406,988.

#### (b) CONTRACTS

Certain programs of the League receive funding and support from state governments. Accordingly, these programs are subject to inspection and audit that could result in adjustments. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated; however, it is unlikely that any such liability would have a material effect on the financial statements.

### NOTE 10 - FUNDRAISING EVENTS AND ACTIVITIES

The League conducts various fundraising events and activities that help fund current operations. The revenue and related expenses from such events and activities for the year ended June 30, 2021, were as follows:

Event/Activity	Revenue	Direct Costs		Other Costs	Net Revenue
		Cost of Merchandise sold	Cost of Direct Benefit to Attendees		
Prince Harry & Meghan					
Markle PS Garden Visit	\$ 2,900	\$ -	\$ -	\$ -	\$ 2,900
Joy! Shop to Give					
Virtual Holiday	2,488	-	-	-	2,488
<b>TOTAL FUNDRAISING EVENTS AND ACTIVITIES</b>	<b>\$ 5,388</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,388</b>

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Undesignated	\$ 18,967,559
Board Designated:	
Board Designated Endowment	5,451,954
Theatre for Children	115,764
Preschool Learning Center	339,793
Operation School Bell - Inventory	554,744
Foster Children's Resource Center - Inventory	189,797
Auxiliary Carryover	<u>226,380</u>
Total Board Designated	<u>6,878,432</u>
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u><u>\$ 25,845,991</u></u>

### NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2021:

Subject to Expenditure for Specified Purpose:	
Foster Children's Resource Center	\$ 139,899
Operation School Bell	179,518
Theater for Children	49,162
Family Day of Service	14,504
Children's Services	146,984
Bekins Grant - NOP Facility Repairs	55,162
Scholarships	18,152
Subject to Passage of Time:	
Beneficial Interest in Assets Held by Affiliate	37,162,051
Bequest Receivable (Net)	792,020
Subject to Endowment Spending Policy and Appropriation:	
Donor Restricted Permanent Endowment	1,471,657
Donor Restricted Term Endowment	<u>1,532,612</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<u><u>\$ 41,561,721</u></u>

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2021:

Satisfaction of Purpose Restrictions:	
Operation School Bell	\$ 242,157
Theatre for Children	83,775
Family Day of Service	23,154
Foster Children's Resource Center	181,347
Hollywood Children's Club	18,005
Children's Services	94,818
Senior Services	1,723
Appropriation for Expenditure:	
Endowment Appropriation	77,733
Satisfaction of Passage of Time:	
Bequest Receivable	<u>108,199</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<u><u>\$ 830,911</u></u>

### NOTE 13 - ENDOWMENTS

The League's endowments consist of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts and bequests to either provide a permanent endowment, which is to provide a permanent source of income to the League, or a term endowment, which is to provide income for a specified period to the League. The Board has interpreted California's Uniform Prudent Management of Institutional Funds Act of 2008 (UPMIFA) 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, the League classifies as donor-restricted net assets (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment and accumulations to the donor-restricted 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 as donor-restricted net assets is classified as donor-restricted for a specified purpose until those amounts are appropriated for expenditure by the League in a manner consistent with the standard of prudence prescribed by UPMIFA.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### **NOTE 13 - ENDOWMENTS** (continued)

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

1. Duration and preservation of the fund
2. Purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from income and the appreciation of investments
6. Other resources of the League
7. 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 assets classified as donor-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.

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 50%, fixed income 40%, 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.



# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 13 - ENDOWMENTS (continued)

At June 30, 2021, the League's endowment net assets composition by type of fund, as well as the change in endowment net assets for the year then ended was as follows:

<b>Endowment Net Asset Composition by Type of Fund at June 30, 2021</b>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted	\$ 5,451,955	\$ 3,004,269	\$ 8,456,224
<b>Changes in Endowment Net Assets for the Year Ended June 30, 2021</b>			
Endowment Net Assets - Beginning of Year	\$ 4,496,195	\$ 2,701,291	\$ 7,197,486
Contributions/Additions	-	-	-
Investment Return (Net)	1,127,737	380,711	1,508,448
Appropriation of Endowment Assets for Expenditure	(171,977)	(77,733)	(249,710)
<b>ENDOWMENT NET ASSETS - END OF YEAR</b>	<b>\$ 5,451,955</b>	<b>\$ 3,004,269</b>	<b>\$ 8,456,224</b>

### NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the League at June 30, 2021 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2021:	
Cash and Cash Equivalents	\$ 2,433,808
Investments	4,848,574
Pledges Receivable	5,175
Bequests Receivable	415,125
<b>TOTAL FINANCIAL ASSETS WITHOUT DONOR RESTRICTIONS AT JUNE 30, 2021</b>	<b>7,702,682</b>
Less: Amounts Not Available to Be Used within One Year Due to:	
Board Designations:	
Operating/Program Reserves	(1,426,477)
Endowments	(5,451,954)
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ 824,251</b>

**ASSISTANCE LEAGUE® OF LOS ANGELES**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES** (continued)

The League regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the League's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The League has Board designated net assets of \$6,878,432 that could be drawn upon, with Board approval, to meet unanticipated liquidity needs.