

ASSISTANCE LEAGUE® OF LOS ANGELES

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

ASSISTANCE LEAGUE® OF LOS ANGELES

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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THE GLOBAL ADVISORY
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**AUDIT
AND
ASSURANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Assistance League® of Los Angeles

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Assistance League® of Los Angeles, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Assistance League® of Los Angeles as of June 30, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Assistance League® of Los Angeles and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Assistance League® of Los Angeles' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Assistance League® of Los Angeles' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Assistance League® of Los Angeles' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Assistance League® of Los Angeles' June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Board of Directors
Assistance League® of Los Angeles

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022 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 solely 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 the effectiveness of 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

December 6, 2022
Los Angeles, California

ASSISTANCE LEAGUE® OF LOS ANGELES

STATEMENT OF FINANCIAL POSITION

June 30, 2022

With Summarized Totals at June 30, 2021

ASSETS	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Cash and Cash Equivalents	\$ 1,449,409	\$ -	\$ 1,449,409	\$ 2,433,808
Investments	2,962,296	4,171,487	7,133,783	8,456,224
Bequests Receivable (Net)	-	692,020	692,020	1,207,145
Prepaid Expenses and Other Assets	237,903	-	237,903	254,346
Inventory	644,701	-	644,701	744,541
Property and Equipment (Net)	18,944,951	-	18,944,951	17,991,450
Beneficial Interest in Assets Held by Affiliate	-	31,614,439	31,614,439	37,162,051
TOTAL ASSETS	\$ 24,239,260	\$ 36,477,946	\$ 60,717,206	\$ 68,249,565
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable	\$ 161,061	\$ -	161,061	\$ 251,171
Accrued Liabilities	135,161	-	135,161	176,514
Paycheck Protection Program Loan	-	-	-	414,168
TOTAL LIABILITIES	296,222	-	296,222	841,853
NET ASSETS:				
Without Donor Restrictions				
Undesignated	17,970,126	-	17,970,126	18,967,559
Board Designated	5,972,912	-	5,972,912	6,878,432
With Donor Restrictions	-	36,477,946	36,477,946	41,561,721
TOTAL NET ASSETS	23,943,038	36,477,946	60,420,984	67,407,712
TOTAL LIABILITIES AND NET ASSETS	\$ 24,239,260	\$ 36,477,946	\$ 60,717,206	\$ 68,249,565

The Accompanying Notes are an Integral Part of These Financial Statements

ASSISTANCE LEAGUE® OF LOS ANGELES

STATEMENT OF ACTIVITIES Year Ended June 30, 2022 With Summarized Totals for the Year Ended June 30, 2021

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT:				
Contributions	\$ 184,510	\$ 1,783,562	\$ 1,968,072	\$ 6,781,752
Bequests	196,877	-	196,877	659,584
Government Grants and Contracts	810,474	-	810,474	697,218
Special Events (Net)	-	-	-	5,388
Gifts-in-Kind	555,799	-	555,799	275,592
Program Service Fees	986,005	-	986,005	736,067
Other Income	64,537	-	64,537	57,595
TOTAL REVENUE AND SUPPORT	2,798,202	1,783,562	4,581,764	9,213,196
EXPENSES:				
Program Services	4,098,798	-	4,098,798	3,580,310
Management and General	641,881	-	641,881	611,390
Fundraising	576,789	-	576,789	510,216
TOTAL EXPENSES	5,317,468	-	5,317,468	4,701,916
Net Assets Released from Donor Restrictions	1,031,186	(1,031,186)	-	-
CHANGE IN NET ASSETS BEFORE OTHER INCOME (LOSS)	(1,488,080)	752,376	(735,704)	4,511,280
OTHER INCOME (LOSS)				
Investment Return (Net)	(829,041)	(288,539)	(1,117,580)	1,508,964
Paycheck Protection Program Loan Forgiveness	414,168	-	414,168	442,900
Change in Value of Beneficial Interest in Assets Held by Affiliate	-	(5,547,612)	(5,547,612)	170,113
TOTAL OTHER INCOME (LOSS)	(414,873)	(5,836,151)	(6,251,024)	2,121,977
CHANGE IN NET ASSETS	(1,902,953)	(5,083,775)	(6,986,728)	6,633,257
Net Assets - Beginning of Year	25,845,991	41,561,721	67,407,712	60,774,455
NET ASSETS - END OF YEAR	\$ 23,943,038	\$ 36,477,946	\$ 60,420,984	\$ 67,407,712

The Accompanying Notes are an Integral Part of These Financial Statements

ASSISTANCE LEAGUE® OF LOS ANGELES

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022
With Summarized Totals for the Year Ended June 30, 2021

	2022						Total Program Services	Supporting Services		Total Support Services	Total	2021 Total
	Program Services			Supporting Services								
	Court Referred Volunteer Center	Foster Children's Resource Center	Theatre for Children	Operation School Bell	Preschool Learning Center	Other Programs	Management and General	Fundraising				
Salaries	\$ 807,810	\$ 28,194	\$ 39,271	\$ 96,144	\$ 426,092	\$ 60,128	\$ 1,457,639	\$ 188,453	\$ 301,774	\$ 490,227	\$ 1,947,866	\$ 1,886,342
Employee Benefits	76,344	-	-	4,386	72,480	-	153,210	20,428	30,642	51,070	204,280	260,927
Payroll Taxes	69,399	2,488	3,465	9,071	34,047	5,305	123,775	16,503	24,755	41,258	165,033	132,637
TOTAL PERSONNEL COST	953,553	30,682	42,736	109,601	532,619	65,433	1,734,624	225,384	357,171	582,555	2,317,179	2,279,906
Advertising and Recruiting	-	1,251	8,653	4,781	-	10,004	24,689	1,729	75	1,804	26,493	7,109
Assistance to Individuals	-	45,379	5,619	241,235	12,137	32,745	337,115	-	-	-	337,115	249,882
Depreciation	125,437	21,383	29,784	50,540	-	45,603	272,747	36,367	54,549	90,916	363,663	120,913
Dues, Fees and Conferences	-	2,934	3,631	10,328	411	49,705	67,009	1,941	2,712	4,653	71,662	22,535
Equipment	748	127	2,689	2,135	-	272	5,971	159	238	397	6,368	2,711
Gifts-in-Kind	-	88,141	50	47,370	139,968	274,974	550,503	-	5,296	5,296	555,799	275,592
Insurance	47,877	6,682	9,307	15,793	1,022	14,250	94,931	11,364	17,046	28,410	123,341	130,795
Mileage, Transportation and Travel	10,430	15	20	44	-	31	10,540	104	115	219	10,759	5,345
Miscellaneous	-	-	164	105	-	2,365	2,634	9,308	-	9,308	11,942	51,181
Occupancy	94,932	43,807	92,645	78,401	28,178	33,596	371,559	15,372	18,905	34,277	405,836	598,001
Office and Technology Supplies	19,270	1,488	5,882	7,274	12,575	4,858	51,347	2,117	3,369	5,486	56,833	41,607
Printing, Copying, Postage and Publishing	17,284	1,929	4,327	8,187	4,757	7,507	43,991	2,728	12,413	15,141	59,132	63,137
Professional Fees and Service Contracts	40,010	2,130	129,846	5,950	18,968	16,580	213,484	346,679	78,544	425,223	638,707	548,682
Program Costs	1,029	754	6,740	59	8,582	2,404	19,568	-	-	-	19,568	11,217
Program Supplies - Nutrition	-	-	-	-	68,092	127	68,219	-	-	-	68,219	61,076
Special Events	-	1,074	1,496	2,538	-	19,624	24,732	2,887	30	2,917	27,649	-
Taxes and Licenses	22,673	547	1,420	1,608	1,152	1,480	28,880	(25,770)	4,325	(21,445)	7,435	32,584
Telephone	29,214	494	688	1,167	4,536	1,053	37,152	1,104	2,315	3,419	40,571	53,063
Vehicle Expense	662	97	192	1,081	-	314	2,346	164	246	410	2,756	3,481
Website and Internet	87,460	6,999	10,519	16,385	2,492	12,902	136,757	10,244	19,440	29,684	166,441	143,099
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 1,450,579	\$ 255,913	\$ 356,408	\$ 604,582	\$ 835,489	\$ 595,827	\$ 4,098,798	\$ 641,881	\$ 576,789	\$ 1,218,670	\$ 5,317,468	
	27%	5%	7%	11%	16%	11%	77%	12%	11%	23%	100%	
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 1,453,351	\$ 269,221	\$ 259,655	\$ 384,449	\$ 1,141,480	\$ 72,154	\$ 3,580,310	\$ 611,390	\$ 510,216	\$ 1,121,606		\$ 4,701,916
	31%	6%	6%	8%	24%	2%	77%	12%	11%	23%		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, 2022

With Summarized Totals for the Year Ended June 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (6,986,728)	\$ 6,633,257
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	363,663	120,913
Loss on Disposal of Property and Equipment	67,985	-
Write-Off of Uncollectible Pledges Receivable	-	45,000
Donated Securities	(1,662)	(24,616)
Change in Beneficial Interest in Assets Held by Affiliate	5,547,612	(170,113)
Realized and Unrealized (Gains) Losses on Investments	1,250,327	(1,395,606)
Forgiveness of Paycheck Protection Program Loan	(414,168)	(442,900)
(Increase) Decrease in:		
Bequests Receivable	515,125	140,199
Prepaid Expenses and Other Assets	16,443	46,077
Inventory	99,840	(4,165)
Increase (Decrease) in:		
Accounts Payable	(90,110)	(828,744)
Accrued Liabilities	(41,353)	70,282
	<u>326,974</u>	<u>4,189,584</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds on Sale of Investments	1,164,088	2,823,273
Purchase of Investments	(1,090,312)	(2,661,788)
Purchase of Property and Equipment	(1,385,149)	(5,960,163)
	<u>(1,311,373)</u>	<u>(5,798,678)</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program Loan	-	414,168
	<u>-</u>	<u>414,168</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(984,399)	(1,194,926)
Cash and Cash Equivalents - Beginning of Year	<u>2,433,808</u>	<u>3,628,734</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,449,409</u>	<u>\$ 2,433,808</u>

The Accompanying Notes are an Integral Part of These Financial Statements

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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:

	<u>Number Served (Unaudited)</u>
Operation School Bell	5,607
Theatre for Children	17,150
Foster Children's Resource Center	1,452
Preschool Learning Center	49
Bright Future Scholarship	41
	<u>24,299</u>

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

	<u>Volunteer Hours (Unaudited)</u>
Anne Banning	3,748
College Alumnae	81
Founder Assisteens	1,310
Hilltoppers	4,145
Mannequins	1,386
Nine O'Clock Players	5,936
Preschool Auxiliary	12
Young Professionals' Group	134
Community/Corporate Board	862
	<u>3,874</u>
	<u>21,488</u>

During the year ended June 30, 2022, the League benefited from 21,488 hours of volunteer services, valued at approximately \$644,000 based on the current estimated national value of a volunteer hour of \$29.95, 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, 2022

NOTE 1 - NATURE OF ORGANIZATION (continued)

Operation School Bell

The Operation School Bell program provides underserved elementary school children with new clothing and supplies. Children from disadvantaged circumstances, those experiencing homelessness or are in foster care, have improved school attendance, classroom behavior, confidence, and levels of engagement with their peers and school activities when they do not “wear” their poverty. Through Operation School Bell, these children are given new clothing, jackets, socks, shoes, undergarments, personal hygiene kits, backpacks, books, and school supplies at the League's Hollywood location and via our mobile facility Operation School Bell on Wheels. Due to the COVID-19 pandemic, Operation School Bell modified service during the year ended June 30, 2022 to prepare backpacks with all the clothing and supplies and deliver them safely to children identified as in-need.

Theatre for Children

The Theatre for Children program is the longest running children's theater 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 LAUSD schools along with free bus transportation. Tickets are also available at reduced rates to school groups and for a nominal fee to the public on weekends. Assistance League of Los Angeles strives to offer children an arts enrichment experience with live theatre. Due to the COVID-19 pandemic and limitations on field trips for schools in Los Angeles, Theatre for Children modified service during the year ended June 30, 2022 to produce videos of performances and behind-the-scenes infotainment that are shared with schoolchildren via YouTube.

Foster Children's Resource Center

Foster Children's Resource Center (FCRC) provides critically needed clothing and supplies to children in foster care. Often, foster youth 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 brand new clothing, undergarments, socks, jackets, pajamas, backpacks, school supplies, toys, books, and grooming kits to give them what they need to attend school and bolster their self-esteem during a difficult time in their lives. Due to the COVID-19 pandemic, FCRC modified service delivery during the year ended June 30, 2022 to fill 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, 2022

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 and Foster Education Office* to fund their college education. 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 2.0 GPA.

Court Referred Volunteer Center

The Court Referred Volunteer Center (CRVC) program operates as a social enterprise providing revenue to help support League youth 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, 2022, CRVC connected more than 7,700 Angelenos to community service opportunities representing more than 545,000 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, 2022

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, 2022 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 investment return in the statement of activities and represent the change in 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, 2022.

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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, 2022, the League's bequests receivable balance of \$692,020 (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	15 Years
Vehicles	5 Years
Software	3 Years
Office Equipment	5 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 if the expenditures are greater than \$5,000 and have a useful life beyond one year.

(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, 2022.

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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 LOAN

Management elected to account for 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 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. During the year ended June 30, 2022, the League received forgiveness in full of its second draw PPP loan in the amount of \$414,168 and was released from all associated liabilities.

(m) GOVERNMENT GRANTS AND CONTRACTS

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, 2022, there were no refundable advances.

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) GIFTS-IN-KIND

Gifts-in-kind are recorded as contributions at their estimated fair value in the period received and expensed when utilized. Gifts-in-kind are valued based upon estimates of fair market value that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Gifts-in-kind are not sold but rather used for the League's operations.

Gifts-in-kind that consist of donated services are recognized at fair value 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.

(o) 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, 2022.

(p) 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, 2022, 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.

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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.

(r) 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 Inputs other than quoted prices 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, and accrued liabilities, 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.

(s) 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.

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) 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, 2021 from which the summarized information was derived.

(u) RECLASSIFICATIONS

For comparability, certain June 30, 2021 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at June 30, 2022.

(v) NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which is intended to improve financial reporting of leasing transactions. This 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.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves transparency in the reporting of contributed nonfinancial assets (as known as gifts-in-kind) received by not-for-profit organizations. The League implemented this ASU during the year ended June 30, 2022. There was no significant impact to the League's financial statements as a result of the implementation of this ASU. The presentation and disclosures of gifts-in-kind have been enhanced in accordance with the standard.

(w) SUBSEQUENT EVENTS

The League has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2022 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 6, 2022, the date these financial statements were available to be issued. No such events were noted to have occurred.

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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, 2022 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2022	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	\$ 3,003,876	\$ 3,003,876	\$ -	\$ -
Equities	3,274,495	3,274,495	-	-
Corporate Bonds	356,308	-	356,308	-
Government Securities	285,589	264,999	20,590	-
Money Market Accounts	213,515	213,515	-	-
TOTAL INVESTMENTS	\$ 7,133,783	\$ 6,756,885	\$ 376,898	\$ -

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, 2022 are expected to be collected as follows:

Within One Year	\$ 100,000
In One to Five Years	400,000
Thereafter	300,000
TOTAL	800,000
Less: Present Value Discount at 1.95%	(107,980)
BEQUESTS RECEIVABLE (NET)	\$ 692,020

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022:

Land	\$ 7,472,243
Buildings	10,922,281
Furniture and Fixtures	823,189
Vehicles	351,684
Software	256,274
Office Equipment	205,225
Computers	174,683
Leasehold Improvements	<u>559,992</u>
TOTAL	20,765,571
Less: Accumulated Depreciation	<u>(1,820,620)</u>
PROPERTY AND EQUIPMENT (NET)	<u><u>\$ 18,944,951</u></u>

Depreciation expense for the year ended June 30, 2022 was \$363,663.

In 2019, the League began renovation on the new permanent Chapter House located at 6640 Sunset Blvd., Los Angeles. The League moved into the facility in September 2021.

NOTE 6 - TRANSACTIONS WITH AFFILIATE

During the year ended June 30, 2022, the Foundation made grants totaling \$724,000 to the League for general operations.

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.

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 7 - 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, 2022, the League contributed \$11,527 as matching contributions.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

(a) OBLIGATIONS UNDER OPERATING LEASES

The League leases facilities and equipment under operating leases with various terms. All leases except for the Assistance League Playhouse Theatre (the Theatre) have lease terms of one year or less. The League leases the Theatre for \$1 per year with an initial term of fifteen years, expiring in August 2030, and may renew the lease agreement for five additional fifteen year periods. In addition to paying \$1 per year, the League also pays the annual property tax, repairs and maintenance, and insurance associated with the property. The League is currently reevaluating the terms of this lease agreement.

Rent expense under operating leases for the year ended June 30, 2022 was \$213,862 and is included in occupancy costs in the statement of functional expenses.

(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.

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 - GIFTS-IN-KIND

During the year ended June 30, 2022, gifts-in-kind were comprised of the following:

Category	Valuation	Amount
Supplies	Goodwill thrift and retail prices	\$ 245,116
Clothing	Goodwill thrift and retail prices	170,925
Facility Use	Publicly Available Commercial Retail Listings for Similar Size and Location	<u>139,758</u>
TOTAL GIFTS-IN-KIND		<u><u>\$ 555,799</u></u>

No gifts-in-kind were received with donor restrictions, and all of the League's gifts-in-kind have been utilized in the League's operations. The League's facility use is for its Preschool Learning Center, while supplies and clothing are utilized for various programs as presented in the statement of functional expenses.

NOTE 10 - FUNDRAISING EVENTS AND ACTIVITIES

The League conducts various fundraising events and activities that help fund current operations, however, due to COVID-19, the League did not conduct fundraising events during the year ended June 30, 2022.

NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following at June 30, 2022:

Undesignated	\$ 17,970,126
Board Designated:	
Board Designated Endowment	4,521,618
Operation School Bell - Inventory	432,899
Auxiliary Carryover	349,462
Preschool Learning Center	341,367
FCRC - Inventory	171,522
Theatre for Children	115,764
Other	<u>40,280</u>
Total Board Designated	<u>5,972,912</u>
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	<u><u>\$ 23,943,038</u></u>

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2022:

Subject to Expenditure for Specified Purpose:	
Operation School Bell	\$ 527,627
FCRC	342,712
Children's Services	287,299
Theater for Children	207,261
Scholarships	108,947
Other	85,476
Subject to Passage of Time:	
Beneficial Interest in Assets Held by Affiliate	31,614,439
Bequests Receivable (Net)	692,020
Subject to Endowment Spending Policy and Appropriation:	
Endowment Corpus	1,471,657
Accumulated Endowment Earnings	<u>1,140,508</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u><u>\$ 36,477,946</u></u>

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, 2022:

Satisfaction of Purpose Restrictions:	
Operation School Bell	\$ 360,262
Prom Day	239,927
Foster Children's Resource Center	100,277
Family Day of Service	51,402
Other	75,753
Appropriation for Expenditure:	
Endowment Appropriation	103,565
Satisfaction of Passage of Time:	
Bequest Receivable	<u>100,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u><u>\$ 1,031,186</u></u>

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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. From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). There were no underwater endowments at June 30, 2022.

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.

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 13 - 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 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.

At June 30, 2022, 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:

Endowment Net Asset Composition by Type of Fund at June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated	\$ 4,521,618	\$ -	\$ 4,521,618
Donor-Restricted	-	2,612,165	2,612,165
ENDOWMENT NET ASSETS	\$ 4,521,618	\$ 2,612,165	\$ 7,133,783
Changes in Endowment Net Assets for the Year Ended June 30, 2022			
Endowment Net Assets - Beginning of Year	\$ 5,451,955	\$ 3,004,269	\$ 8,456,224
Investment Return (Net)	(829,041)	(288,539)	(1,117,580)
Appropriation of Endowment Assets for Expenditure	(101,296)	(103,565)	(204,861)
ENDOWMENT NET ASSETS - END OF YEAR	\$ 4,521,618	\$ 2,612,165	\$ 7,133,783

ASSISTANCE LEAGUE® OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS June 30, 2022

NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the League at June 30, 2022 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, 2022:	
Cash and Cash Equivalents	\$ 1,449,409
Investments	2,962,296
Bequests Receivable (To Be Collected in One Year)	<u>100,000</u>
TOTAL FINANCIAL ASSETS WITHOUT DONOR RESTRICTIONS AT JUNE 30, 2022	4,511,705
Less: Amounts Not Available to Be Used Within One Year Due to:	
Board Designations (Excluding Inventory)*	(5,328,211)
Add: Board Approved Support and Budgeted Allocations for the Year Ending June 30, 2023:	
Board Approved Grants from Affiliate	1,878,670
Budgeted Appropriation of Endowment Assets	<u>279,000</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,341,164</u>

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 that could be drawn upon, with Board approval, to meet unanticipated liquidity needs.