

**ASSISTANCE LEAGUE® OF LOS ANGELES**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

**ASSISTANCE LEAGUE® OF LOS ANGELES**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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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, 2023, 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, 2023 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 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 5, 2023 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 5, 2023  
Los Angeles, California

**ASSISTANCE LEAGUE® OF LOS ANGELES**

## STATEMENT OF FINANCIAL POSITION

June 30, 2023

With Summarized Totals at June 30, 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,526,030	\$ 1,449,409
Investments	7,817,220	7,133,783
Bequests Receivable (Net)	605,078	692,020
Prepaid Expenses and Other Assets	795,598	882,604
Property and Equipment (Net)	18,598,458	18,944,951
Beneficial Interest in Assets Held by Affiliate	<u>33,407,964</u>	<u>31,614,439</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 62,750,348</u></b>	<b><u>\$ 60,717,206</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts Payable	\$ 153,168	\$ 161,061
Accrued Liabilities	<u>254,986</u>	<u>135,161</u>
<b>TOTAL LIABILITIES</b>	408,154	296,222
<b>NET ASSETS:</b>		
Without Donor Restrictions		
Undesignated	17,052,354	17,970,126
Board Designated	6,288,050	5,972,912
With Donor Restrictions	<u>39,001,790</u>	<u>36,477,946</u>
<b>TOTAL NET ASSETS</b>	<b><u>62,342,194</u></b>	<b><u>60,420,984</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 62,750,348</u></b>	<b><u>\$ 60,717,206</u></b>

The Accompanying Notes are an Integral Part of These Financial Statements

# ASSISTANCE LEAGUE® OF LOS ANGELES

## STATEMENT OF ACTIVITIES Year Ended June 30, 2023 With Summarized Totals for the Year Ended June 30, 2022

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUE AND SUPPORT:</b>				
Contributions	\$ 281,188	\$ 1,628,001	\$ 1,909,189	\$ 1,968,072
Bequests	96,871	-	96,871	196,877
Government Grants and Contracts	855,286	199,638	1,054,924	810,474
Special Events	424,120	-	424,120	-
Gifts-in-Kind	746,944	-	746,944	555,799
Program Service Fees	1,218,107	-	1,218,107	986,005
Other Income	175,434	-	175,434	64,537
<b>TOTAL REVENUE AND SUPPORT</b>	<b>3,797,950</b>	<b>1,827,639</b>	<b>5,625,589</b>	<b>4,581,764</b>
<b>EXPENSES:</b>				
Program Services	4,763,813	-	4,763,813	4,098,798
Management and General	625,765	-	625,765	641,881
Fundraising	789,288	-	789,288	576,789
<b>TOTAL EXPENSES</b>	<b>6,178,866</b>	<b>-</b>	<b>6,178,866</b>	<b>5,317,468</b>
Donor Reclassification	5,900	(5,900)	-	-
Net Assets Released from Donor Restrictions	1,263,040	(1,263,040)	-	-
<b>CHANGE IN NET ASSETS BEFORE OTHER INCOME (LOSS)</b>	<b>(1,111,976)</b>	<b>558,699</b>	<b>(553,277)</b>	<b>(735,704)</b>
<b>OTHER INCOME (LOSS)</b>				
Investment Return (Net)	509,342	171,620	680,962	(1,117,580)
Change in Value of Beneficial Interest in Assets Held by Affiliate	-	1,793,525	1,793,525	(5,547,612)
Paycheck Protection Program Loan Forgiveness	-	-	-	414,168
<b>TOTAL OTHER INCOME (LOSS)</b>	<b>509,342</b>	<b>1,965,145</b>	<b>2,474,487</b>	<b>(6,251,024)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(602,634)</b>	<b>2,523,844</b>	<b>1,921,210</b>	<b>(6,986,728)</b>
Net Assets - Beginning of Year	23,943,038	36,477,946	60,420,984	67,407,712
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 23,340,404</b>	<b>\$ 39,001,790</b>	<b>\$ 62,342,194</b>	<b>\$ 60,420,984</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, 2023  
With Summarized Totals for the Year Ended June 30, 2022

	2023								2022					
	Program Services								Supporting Services					
	Court Referred Volunteer Center	Foster Children's Resource Center	Theatre for Children	Operation School Bell	Preschool Learning Center	Prom Day	College Scholarship Program	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	2022 Total
Salaries	\$ 656,466	\$ 42,295	\$ 29,702	\$ 197,649	\$ 458,603	\$ 137,697	\$ 26,235	\$ 22,676	\$ 1,571,323	\$ 207,477	\$ 309,616	\$ 517,093	\$ 2,088,416	\$ 1,947,866
Employee Benefits	69,150	1,362	957	6,367	51,622	4,436	845	730	135,469	18,063	27,094	45,157	180,626	204,280
Payroll Taxes	56,478	3,401	2,388	15,892	36,974	11,071	2,109	1,823	130,136	17,352	26,027	43,379	173,515	165,033
<b>TOTAL PERSONNEL COST</b>	<b>782,094</b>	<b>47,058</b>	<b>33,047</b>	<b>219,908</b>	<b>547,199</b>	<b>153,204</b>	<b>29,189</b>	<b>25,229</b>	<b>1,836,928</b>	<b>242,892</b>	<b>362,737</b>	<b>605,629</b>	<b>2,442,557</b>	<b>2,317,179</b>
Assistance to Individuals	-	54,416	-	406,061	4,117	42,219	78,302	1,714	586,829	-	-	-	586,829	337,115
Depreciation	-	33,027	23,193	154,338	-	107,523	20,486	17,707	356,274	47,503	71,255	118,758	475,032	363,663
Dues, Fees and Conferences	-	3,131	2,199	22,117	768	10,194	1,942	39,049	79,400	1,708	2,029	3,737	83,137	71,662
Gifts-in-Kind	-	60,458	6,982	114,754	145,628	308,168	46	14,131	650,167	-	96,775	96,775	746,942	555,799
Insurance	16,202	8,380	5,885	39,159	1,022	27,281	5,198	4,492	107,619	12,053	18,079	30,132	137,751	123,341
Miscellaneous	35,788	521	7,441	5,172	2,170	2,635	328	2,309	56,364	(70,126)	9,393	(60,733)	(4,369)	65,753
Occupancy	42,501	31,870	36,105	138,927	33,273	68,889	12,494	10,798	374,857	14,937	14,854	29,791	404,648	405,836
Office and Technology Supplies	12,507	1,484	889	18,709	13,032	4,418	785	1,021	52,845	1,919	2,319	4,238	57,083	56,833
Printing, Copying, Postage and Publishing	26,319	3,369	1,501	15,578	6,036	7,194	1,325	2,967	64,289	2,243	16,109	18,352	82,641	59,132
Professional Fees and Service Contracts	20,195	10,589	49,950	49,483	43,082	64,721	6,568	5,677	250,265	358,751	74,094	432,845	683,110	638,707
Program Costs	-	8	11,323	4,382	25,005	21,183	1,055	11,352	74,308	-	-	-	74,308	19,568
Program Supplies - Nutrition	-	-	-	-	77,819	-	-	-	77,819	-	-	-	77,819	68,219
Special Events	-	-	-	-	-	10,324	-	-	10,324	-	96,560	96,560	106,884	27,649
Telephone	24,624	764	537	3,571	6,100	2,488	474	410	38,968	1,363	2,650	4,013	42,981	40,571
Website and Internet	83,316	3,706	2,740	17,318	23,007	12,163	2,299	2,008	146,557	12,522	22,434	34,956	181,513	166,441
<b>TOTAL 2023 FUNCTIONAL EXPENSES</b>	<b>\$ 1,043,546</b>	<b>\$ 258,781</b>	<b>\$ 181,792</b>	<b>\$ 1,209,477</b>	<b>\$ 928,258</b>	<b>\$ 842,604</b>	<b>\$ 160,491</b>	<b>\$ 138,864</b>	<b>\$ 4,763,813</b>	<b>\$ 625,765</b>	<b>\$ 789,288</b>	<b>\$ 1,415,053</b>	<b>\$ 6,178,866</b>	
	17%	4%	3%	19%	15%	14%	3%	2%	77%	10%	13%	23%	100%	
<b>TOTAL 2022 FUNCTIONAL EXPENSES</b>	<b>\$ 1,450,579</b>	<b>\$ 255,913</b>	<b>\$ 356,408</b>	<b>\$ 604,582</b>	<b>\$ 835,489</b>	<b>\$ 438,997</b>	<b>\$ 83,591</b>	<b>\$ 73,240</b>	<b>\$ 4,098,798</b>	<b>\$ 641,881</b>	<b>\$ 576,789</b>	<b>\$ 1,218,670</b>		<b>\$ 5,317,468</b>
	27%	5%	7%	11%	16%	8%	2%	1%	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, 2023

With Summarized Totals for the Year Ended June 30, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 1,921,210	\$ (6,986,728)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	475,032	363,663
Loss on Disposal of Property and Equipment	-	67,985
Donated Securities	-	(1,662)
Change in Beneficial Interest in Assets Held by Affiliate	(1,793,525)	5,547,612
Realized and Unrealized (Gains) Losses on Investments	(503,388)	1,250,327
Forgiveness of Paycheck Protection Program Loan	-	(414,168)
Decrease in:		
Bequests Receivable	86,942	515,125
Prepaid Expenses and Other Assets	87,006	116,283
Increase (Decrease) in:		
Accounts Payable	(7,893)	(90,110)
Accrued Liabilities	119,825	(41,353)
	<b>385,209</b>	<b>326,974</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds on Sale of Investments	2,694,598	1,164,088
Purchase of Investments	(2,874,647)	(1,090,312)
Purchase of Property and Equipment	(128,539)	(1,385,149)
	<b>(308,588)</b>	<b>(1,311,373)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>76,621</b>	<b>(984,399)</b>
Cash and Cash Equivalents - Beginning of Year	1,449,409	2,433,808
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,526,030</b>	<b>\$ 1,449,409</b>

The Accompanying Notes are an Integral Part of These Financial Statements

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

### 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	8,499
Theatre for Children	11,000
Foster Children's Resource Center	1,782
Preschool Learning Center	49
League College Scholarship Program	56
Prom Day	352
	<u>21,738</u>

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

	<u>Volunteer Hours (Unaudited)</u>
Anne Banning	3,305
College Alumnae	2,924
Founder Assisteens	318
Hilltoppers	4,620
Mannequins	537
Nine O'Clock Players	17,273
Preschool Auxiliary	44
League at Large/FMB/YPG	688
Community/Corporate	1,505
Board	3,796
	<u>35,010</u>

During the year ended June 30, 2023, the League benefited from 35,010 hours of volunteer services, valued at approximately \$1,113,318 based on the current estimated national value of a volunteer hour of \$31.80, 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, 2023

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

#### **Operation School Bell**

The Operation School Bell ("OSB") program provides extremely impoverished K-5th grade schoolchildren with new clothing and supplies. Children from disadvantaged families, those experiencing homelessness or in foster care, have improved school attendance, classroom behavior, self-esteem, and levels of engagement with their peers and school activities when they do not "wear" their poverty. Thanks to OSB, these children are given new clothing, shoes, socks, undergarments, hoodies, personal grooming kits, backpacks, school supplies, books, and a toy at the League's Hollywood office or via our mobile facility, Operation School Bell on Wheels, that delivers the program at school sites across Los Angeles. While in-person service delivery at the League office was suspended for the first half of the year ended June 30, 2023 due to Covid-19 considerations, overall OSB service delivery increased in the year ended June 30, 2023 due to an expanded virtual ordering system. The online ordering system, developed during the pandemic, prepares individualized backpacks of items to be picked up at the Hollywood office by school counselors and then delivered directly to the children at school.

#### **Theatre for Children**

The Theatre for Children program is the longest-running children's theatre in Los Angeles, bringing the joy of live musical 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, 2023, 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 FCRC through Los Angeles County Department of Children and Family Services. FCRC 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, 2023, to fill orders placed by social workers and foster parents via 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, 2023

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

#### **College Scholarship Program**

The League awards financial support for graduating high school seniors from Los Angeles Unified School District's *Homeless Education Office* to help fund their college education. The College Scholarship Program award is based on academic achievement, character, and commitment to the community. Scholarship awardees receive the same funding for their freshman through senior years by maintaining no less than a 2.0 GPA.

#### **Prom Day**

The League creates a pop-up Prom Day shopping boutique, completely free for high school seniors experiencing homelessness. Girls are identified by LAUSD's Homeless Education Office for Prom Day where they get to choose the outfit and "swag" of their dreams: dress, shoes, jewelry, handbag, shawl, accessories, beauty and hygiene products, duffle bag, backpack, roller suitcase, and more. Prom Day enables these young women to participate in what is a rite of passage for American high school students: their senior prom.

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

The Court Referred Volunteer Center (CRVC) program operates as a social enterprise generating revenue to help support the League's programs for children. The CRVC program is in seven courthouses throughout Los Angeles County. The program refers clients to various nonprofit agencies throughout Los Angeles County to fulfill their court-mandated community service requirements. During the year ended June 30, 2023, CRVC connected more than 8,200 Angelenos to community service opportunities representing more than 547,000 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).

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

#### (b) NET ASSETS (continued)

- **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.

#### (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, 2023 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.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

#### (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, 2023.

#### (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, 2023, the League's bequests receivable balance of \$605,078 (net of a present value discount of \$94,922) is considered by management to be collectible and consequently no allowance for doubtful bequests receivable was considered necessary.

#### (h) 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.

#### (i) 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, 2023.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

#### (j) 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.

#### (k) 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, 2023, refundable advances of \$127,977 are included in accrued liabilities.

Certain of the programs funded by government grants and contracts 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.

#### (l) 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.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

#### (m) 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, 2023.

#### (n) 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, 2023, 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.

#### (o) 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.

#### (p) 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.

#### (q) RECLASSIFICATION

For comparability, certain June 30, 2022 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at June 30, 2023.



# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

#### (r) 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, 2022 from which the summarized information was derived.

#### (s) NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard requires 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 requires 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. The League considered the impact of the ASU, and determined that it has no material impact on the financial statements for the year ended June 30, 2023.

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss impairment methodology previously used for certain financial instruments with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates in their measurement. The guidance has subsequently been amended through a series of targeted ASUs. For the League, the ASU and the subsequent amendments will be effective for the year ending June 30, 2024, and are expected to be adopted using the modified-retrospective approach.

#### (t) SUBSEQUENT EVENTS

The League has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2023 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 5, 2023, 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, 2023

### NOTE 3 - INVESTMENTS

The League has implemented the accounting standard that defines fair value for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table presents information about the League's assets that are measured at fair value on a recurring basis at June 30, 2023 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2023	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	\$ 2,657,483	\$ 2,657,483	\$ -	\$ -
Equities	3,660,482	3,660,482	-	-
Corporate Bonds	567,463	-	567,463	-
Government Securities	579,526	532,634	46,892	-
Money Market Accounts	352,266	352,266	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 7,817,220</b>	<b>\$ 7,202,865</b>	<b>\$ 614,355</b>	<b>\$ -</b>

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 creditworthiness of the issuer.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

### NOTE 4 - BEQUESTS RECEIVABLE

Bequests receivable at June 30, 2023 are expected to be collected as follows:

Within One Year	\$ 100,000
In Two to Five Years	400,000
Thereafter	<u>200,000</u>
<b>TOTAL</b>	700,000
Less: Present Value Discount	<u>(94,922)</u>
<b>BEQUESTS RECEIVABLE (NET)</b>	<u>\$ 605,078</u>

### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023:

Land	\$ 7,472,243
Buildings	10,997,939
Furniture and Fixtures	823,189
Vehicles	351,684
Software	256,274
Office Equipment	211,726
Computers	221,064
Leasehold Improvements	<u>559,992</u>
<b>TOTAL</b>	20,894,111
Less: Accumulated Depreciation	<u>(2,295,653)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	<u>\$ 18,598,458</u>

Depreciation expense for the year ended June 30, 2023, was \$475,032.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

### NOTE 6 - TRANSACTIONS WITH AFFILIATE

During the year ended June 30, 2023, the Foundation made grants totaling \$1,042,170 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.

### 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 three years of service. For the year ended June 30, 2023, the League contributed \$13,180 as matching contributions.

### NOTE 8 - GIFTS-IN-KIND

During the year ended June 30, 2023, gifts-in-kind were comprised of the following:

Category	Valuation	Amount
Supplies	Goodwill thrift and retail prices	\$ 358,335
Clothing	Goodwill thrift and retail prices	242,981
Facility Use	Publicly Available Commercial Retail Listings for Similar Size and Location	145,628
<b>TOTAL GIFTS-IN-KIND</b>		<b>\$ 746,944</b>

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.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

### NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the League at June 30, 2023 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, 2023:	
Cash and Cash Equivalents	\$ 1,526,030
Investments	7,817,220
Bequests Receivable (To Be Collected in One Year)	<u>100,000</u>
<b>TOTAL FINANCIAL ASSETS WITHOUT DONOR RESTRICTIONS AT JUNE 30, 2023</b>	<b>9,443,250</b>
Less: Amounts Not Available to Be Used Within One Year Due to:	
Funds Held with Purpose Restrictions	(2,280,654)
Donor Restricted Endowment	(2,708,094)
Board Designated Endowment*	(4,854,231)
Add: Board Approved Support and Budgeted Allocations for the Year Ending June 30, 2024:	
Board Approved Grants from Affiliate	1,608,000
Budgeted Appropriation of Endowment Assets	<u>408,200</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 1,616,471</u></b>

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 considers Board designated net assets, other than its Board designated endowment, as available to meet general expenditures within one year.

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS June 30, 2023

### NOTE 10 - FUNDRAISING EVENTS AND ACTIVITIES

The League conducts various fundraising events and activities the help fund current operations. The revenue and related expenses from such events and activities for the year ended June 30, 2023, are as follows.

Event/Activity	Revenue	Direct Costs		Other Costs	Net Revenue
		Cost of Merchandise Sold	Cost of Direct Benefit to Attendees		
Gala 2022	\$ 396,286	\$ 5,992	\$ 60,468	\$ 15,654	\$ 314,172
A Chic Affaire	25,780	-	13,846	-	11,934
MNQ Fall 2022 Vendor Sale	2,054	-	-	-	2,054
<b>TOTAL FUNDRAISING EVENTS AND ACTIVITIES</b>	<b>\$ 424,120</b>	<b>\$ 5,992</b>	<b>\$ 74,314</b>	<b>\$ 15,654</b>	<b>\$ 328,160</b>

### NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following at June 30, 2023:

Undesignated	\$ 17,052,354
Board Designated:	
Board Designated Endowment	4,854,231
Operation School Bell - Supplies	426,562
Auxiliary Carryover	376,521
Preschool Learning Center	341,367
FCRC - Supplies	173,605
Theatre for Children	115,764
Total Board Designated	<u>6,288,050</u>
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b><u><u>\$ 23,340,404</u></u></b>

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

### NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2023:

Subject to Expenditure for Specified Purpose:	
Operation School Bell	\$ 553,776
Foster Children's Resource Center	493,617
Children's Services	315,433
Theatre for Children	350,832
Scholarships	283,896
Preschool Learning Center	199,638
Other	83,462
Subject to Passage of Time:	
Beneficial Interest in Assets Held by Affiliate	33,407,964
Bequests Receivable (Net)	605,078
Subject to Endowment Spending Policy and Appropriation:	
Endowment Corpus	1,465,757
Accumulated Endowment Earnings	<u>1,242,337</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u><u>\$ 39,001,790</u></u></b>

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, 2023:

Satisfaction of Purpose Restrictions:	
Operation School Bell	\$ 516,798
Prom Day	350,798
Foster Children's Resource Center	44,699
Theatre for Children	32,007
Children's Services	127,986
Other	34,019
Appropriation for Expenditure:	
Endowment Appropriation and Reclassification	69,791
Satisfaction of Passage of Time:	
Bequests Receivable (Net of Present Value Discount)	<u>86,942</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u><u>\$ 1,263,040</u></u></b>

# ASSISTANCE LEAGUE® OF LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

### 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, 2023.

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, 2023

### 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, 2023, 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, 2023</b>	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated	\$ 4,854,231	\$ -	\$ 4,854,231
Donor-Restricted	-	2,708,094	2,708,094
<b>ENDOWMENT NET ASSETS</b>	<b>\$ 4,854,231</b>	<b>\$ 2,708,094</b>	<b>\$ 7,562,325</b>
<b>Changes in Endowment Net Assets for the Year Ended June 30, 2023</b>			
Endowment Net Assets - Beginning of Year	\$ 4,521,618	\$ 2,612,165	\$ 7,133,783
Donor Reclassification	5,900	(5,900)	-
Investment Return (Net)	487,239	171,620	658,859
Appropriation of Endowment Assets for Expenditure	(160,526)	(69,791)	(230,317)
<b>ENDOWMENT NET ASSETS - END OF YEAR</b>	<b>\$ 4,854,231</b>	<b>\$ 2,708,094</b>	<b>\$ 7,562,325</b>