

*Financial Statements*

**L.A. GOAL**

December 31, 2016



# HENSIEK & CARON

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors

L.A. GOAL

We have audited the accompanying financial statements of L.A. GOAL (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of L.A. GOAL as of December 31, 2016, 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.

*Wenzel & Caron*

Pasadena, California  
March 14, 2017

**L.A. GOAL**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 192,784	\$ 74,544	\$ 267,328
Contributions receivable, net of allowance for doubtful accounts of \$0	10,525	-	10,525
Other receivables	1,826	-	1,826
Prepaid expenses	6,305	-	6,305
Inventory	8,032	-	8,032
Investments	515,332	-	515,332
Property and equipment	289,331	-	289,331
<b>Total Assets</b>	<u>\$ 1,024,135</u>	<u>\$ 74,544</u>	<u>\$ 1,098,679</u>
<b>Liabilities</b>			
Accounts payable	\$ 3,273	\$ -	\$ 3,273
Accrued salaries	6,826	-	6,826
<b>Total Liabilities</b>	<u>10,099</u>	<u>-</u>	<u>10,099</u>
<b>Net Assets</b>			
Unrestricted			
Board designated	515,332	-	515,332
Undesignated	498,704	-	498,704
Total unrestricted	<u>1,014,036</u>	<u>-</u>	<u>1,014,036</u>
Temporarily restricted	<u>-</u>	<u>74,544</u>	<u>74,544</u>
<b>Total Net Assets</b>	<u>1,014,036</u>	<u>74,544</u>	<u>1,088,580</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,024,135</u>	<u>\$ 74,544</u>	<u>\$ 1,098,679</u>

The accompanying notes are an integral part of these financial statements.

**L.A. GOAL**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Grants and contributions	\$ 580,066	\$ 70,819	\$ 650,885
Program income	199,536	-	199,536
Sales, arts and crafts	33,642	-	33,642
Member dues	19,533	-	19,533
Investment returns	32,457	-	32,457
Net assets released from purpose restrictions	70,693	(70,693)	-
<b>Total Support and Revenue</b>	<u>935,927</u>	<u>126</u>	<u>936,053</u>
<b>Expenses</b>			
Program services	793,069	-	793,069
Management and general	62,654	-	62,654
Fundraising	50,559	-	50,559
<b>Total Expenses</b>	<u>906,282</u>	<u>-</u>	<u>906,282</u>
<b>Change in Net Assets</b>	29,645	126	29,771
<b>Net Assets, Beginning of Year</b>	<u>984,391</u>	<u>74,418</u>	<u>1,058,809</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,014,036</u>	<u>\$ 74,544</u>	<u>\$ 1,088,580</u>

The accompanying notes are an integral part of these financial statements.

**L.A. GOAL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Cash Flows from Operating Activities</b>	
Cash received from donors	\$ 496,621
Cash received from service recipients	252,711
Cash paid to suppliers and employees	(686,242)
Interest received	15,231
	<u>78,321</u>
<b>Net Cash Provided by Operating Activities</b>	
<b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	(20,990)
Proceeds from sale of investments	3,149
Purchase of investments	(18,181)
	<u>(36,022)</u>
<b>Net Cash Used in Investing Activities</b>	
<b>Net Increase in Cash and Cash Equivalents</b>	
	42,299
<b>Cash and Cash Equivalents, Beginning</b>	<u>225,029</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 267,328</u>
 <b>Reconciliation of the Change in Net Assets To Net Cash</b>	
<b>Provided by Operating Activities</b>	
Change in Net Assets	\$ 29,771
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
Depreciation	28,349
Realized and unrealized gains on investments	(17,226)
(Increase) Decrease in:	
Contribution receivable	41,941
Other receivables	70
Prepaid expenses	730
Inventory	(1,763)
Increase in:	
Accounts payable	(3,170)
Accrued salaries	(381)
	<u>(3,810)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 78,321</u>

The accompanying notes are an integral part of these financial statements.

**L.A. GOAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 391,778	\$ 21,484	\$ 40,129	\$ 453,391
Professional fees	131,473	19,923	-	151,396
Program supplies and materials	103,327	-	-	103,327
Insurance	57,244	7,081	3,536	67,861
Payroll taxes	30,121	3,227	2,510	35,858
Depreciation	24,097	4,252	-	28,349
Utilities	13,716	1,614	807	16,137
Maintenance	12,292	3,093	78	15,463
Printing	6,673	288	1,154	8,115
Telephone	5,733	553	277	6,563
Vehicle expense	5,771	105	35	5,911
Postage	3,486	267	1,069	4,822
Office expense	2,662	381	747	3,790
Licenses and fees	2,952	132	132	3,216
Website	1,352	254	85	1,691
Miscellaneous	391	-	-	391
Rent	1	-	-	1
<b>Total</b>	<b>\$ 793,069</b>	<b>\$ 62,654</b>	<b>\$ 50,559</b>	<b>\$ 906,282</b>

The accompanying notes are an integral part of these financial statements.

**L.A. GOAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Note 1 – Organization and Summary of Significant Accounting Policies**

**Organization**

L.A. GOAL (the Organization) was founded in 1969. The Organization's educational, vocational and recreational programs provide opportunities for adults with developmental disabilities to increase their independence and employability. Through its art and outreach activities, The Organization educates the community about the abilities of people with developmental disabilities. The Organization's vision is to create a more open society where people with developmental disabilities can enjoy full inclusion, including employment, in their communities.

**Public Support and Revenue**

Donations are recorded as made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Amounts received or promised that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Donated securities and other non-cash donations are recorded at estimated fair values at the date of donation. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization derives revenue from the sale of paintings and craft items which are produced by its members.

**Method of Accounting**

The Organization accounts for financial transactions on the accrual basis of accounting. To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, its accounts are maintained in accordance with the principles of fund accounting.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Organization considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are recorded at cost.

**Contributions Receivable**

The Organization uses the direct write off method to determine uncollectible receivables. The annual write off is based on prior years experience and management's analysis of specific receivables. Management believes that all receivables at year-end are collectible.



**L.A. GOAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

**Inventory**

The cost of materials used to produce paintings is expensed as purchased, and no significant inventory of these materials is maintained. The cost of certain other materials, primarily T-shirts and blank card stock, is capitalized until sold, and such inventory is stated at the lower of cost, market or donated value.

**Investments**

Investments are valued at fair value, with realized and unrealized gains and losses reflected in the statements of activities. The fair value of investments is based on quoted market values.

**Property and Equipment**

Property and equipment is stated at cost. Assets acquired by gift or bequest are stated at market value at the date of acquisition. It is the Organization's policy to capitalize expenditures for these items in excess of \$500. Depreciation is recorded, using the straight-line method over the following useful lives:

Leasehold improvements	21 - 23 years
Furniture and fixtures	5 - 7 years
Intangible assets	15 years

**Income Taxes**

The Organization is a nonprofit organization under Section 501(c)(3), and is not classified as a private foundation. Such organizations are not normally subject to income tax; therefore, no provision for income taxes is included in the statements.

The accounting standard on accounting for uncertainty in income taxes provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The Organization believes that it has no uncertain tax positions that impact its financial statements.

The Organization files form 990 with the Internal Revenue Service, and files related exempt organization returns in the State of California. The returns are generally no longer subject to examination by the Internal Revenue Service after three years, or by the State of California after four years.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**L.A. GOAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Note 2 – Concentration of Credit Risk**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash and cash equivalents. The Organization maintains its cash balances at various financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At December 30, 2016, the Organization's uninsured cash balance was \$29,764.

**Note 3 – Inventory**

Inventory consists of the following:

Raw materials	\$ 674
Finished goods	7,358
	<u>\$ 8,032</u>

**Note 4 – Investments**

Investments consist of the following:

	<b>Aggregate Fair Value</b>	<b>Cost</b>
Cash	\$ 8,744	\$ 8,744
Marketable equity securities	177	95
Mutual funds	506,411	491,891
	<u>\$ 515,332</u>	<u>\$ 500,730</u>

Investment returns are summarized as follows:

Interest and dividends	\$ 15,231
Net realized and unrealized gains	17,226
<b>Total</b>	<u>\$ 32,457</u>

**Note 5 – Fair Value Measurements**

Fair values of assets measured on a recurring basis at December 31, 2016 are as follows:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Other Unobservable Inputs (Level 3)</b>
Cash	\$ 8,744	\$ 8,744	\$ -	\$ -
Marketable equity securities	177	177	-	-
Mutual funds	506,411	506,411	-	-
Investments	<u>\$ 515,332</u>	<u>\$ 515,332</u>	<u>\$ -</u>	<u>\$ -</u>

**L.A. GOAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Note 5 – Fair Value Measurements** (continued)

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**Note 6 – Property and Equipment**

Property and equipment consists of the following:

Leasehold improvements	\$ 391,341
Furniture and fixtures	18,131
Equipment	43,109
Intangible assets	106,050
Construction in progress	<u>1,770</u>
	560,401
Less accumulated depreciation	<u>(271,070)</u>
	<u><u>\$ 289,331</u></u>

**Note 7 – Net Assets**

Temporarily restricted net assets consist of the following:

Temporarily Restricted Net Assets	
Time restricted funds – 2017	\$ 65,000
Friends of the L.A. GOAL	<u>9,544</u>
	Total Temporarily Restricted Net Assets
	<u><u>\$ 74,544</u></u>

**Note 8 – Board Designated Net Assets**

In January 2000, the Board designated a portion of its unrestricted assets for long-term investment to function as a reserve fund. Income from these investments is added to the fund unless appropriated by the board for operational purposes.

**Note 9 – Lease**

The Organization leases office space under a noncancelable leases expiring April 30, 2052. The lease provides for an annual lease payment of \$1 plus certain in-kind services to Culver City. Management cannot readily determine the annual fair value of this lease therefore, it is not reflected in the accompanying financial statements.

**L.A. GOAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Note 10 – Gifts in Kind**

During the year ended December 31, 2016, the Organization benefited from more than 4,000 volunteer hours. In-kind professional services that meet the requirements for recognition in the financial statements were recorded and totaled \$121,743. These donated services included \$19,350 of services provided by a board member and spouse. In addition, the Organization received \$30,437 in program supplies as gifts in kind.

**Note 11 – Subsequent Events**

Subsequent events were evaluated through March 14, 2017, which is the date the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.