

Financial Statements

L.A. GOAL

December 31, 2018



HENSIEK & CARON

CERTIFIED PUBLIC ACCOUNTANTS
650 SIERRA MADRE VILLA, SUITE 303
PASADENA, CALIFORNIA 91107
TELEPHONE (626) 792-9988 FAX (626) 792-9852

BARRY B. HENSIEK, CPA
SUSAN E. CARON, CPA

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, 2018, 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, 2018, 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 12, 2019

L.A. GOAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 157,749	\$ 45,000	\$ 202,749
Contributions receivable, net of allowance for doubtful accounts of \$0	15,050	-	15,050
Prepaid expenses	9,099	-	9,099
Inventory	8,795	-	8,795
Investments	733,002	-	733,002
Property and equipment	332,359	-	332,359
	Total Assets	\$ 45,000	\$ 1,301,054
	\$ 1,256,054	\$ 45,000	\$ 1,301,054
Liabilities			
Accounts payable	\$ 4,061	\$ -	\$ 4,061
Accrued salaries	5,053	-	5,053
	Total Liabilities	-	9,114
	9,114	-	9,114
Net Assets			
Without donor restrictions	1,246,940	-	1,246,940
With donor restrictions	-	45,000	45,000
	Total Net Assets	45,000	1,291,940
	1,246,940	45,000	1,291,940
Total Liabilities and Net Assets			
	\$ 1,256,054	\$ 45,000	\$ 1,301,054

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants and contributions	\$ 719,770	\$ 95,208	\$ 814,978
Program income	218,987	-	218,987
Sales, arts and crafts	32,502	-	32,502
Member dues	17,475	-	17,475
Investment returns	(33,287)	-	(33,287)
Loss on disposal of property and equipment	(4,789)	-	(4,789)
Net assets released from purpose restrictions	85,706	(85,706)	-
Total Support and Revenue	1,036,364	9,502	1,045,866
Expenses			
Program services	870,539	-	870,539
Management and general	58,708	-	58,708
Fundraising	42,353	-	42,353
Total Expenses	971,600	-	971,600
Change in Net Assets	64,764	9,502	74,266
Net Assets, Beginning of Year	1,182,176	35,498	1,217,674
Net Assets, End of Year	\$ 1,246,940	\$ 45,000	\$ 1,291,940

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

**L.A. GOAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Cash Flows from Operating Activities	
Cash received from donors	\$ 527,077
Cash received from service recipients	264,175
Cash paid to suppliers and employees	(635,086)
Interest received	36,298
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Net Cash Provided by Operating Activities	192,464
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Cash Flows from Investing Activities	
Purchase of property and equipment	(66,523)
Purchase of investments	(206,023)
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Net Cash Used in Investing Activities	(272,546)
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Net Decrease in Cash and Cash Equivalents	(80,082)
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Cash and Cash Equivalents, Beginning	282,831
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Cash and Cash Equivalents, Ending	\$ 202,749
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Reconciliation of the Change in Net Assets To Net Cash Provided by Operating Activities	
Change in Net Assets	\$ 74,266
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
Depreciation	32,511
Realized and unrealized gains on investments	69,585
(Increase) Decrease in:	
Contribution receivable	34,130
Prepaid expenses	(1,395)
Inventory	(1,654)
Increase in:	
Accounts payable	(16,286)
Accrued salaries	1,307
	<hr/>
Net Cash Provided by Operating Activities	\$ 192,464
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The accompanying notes are an integral part of these financial statements.

L.A. GOAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Management & General	Fundraising	Total
Salaries	\$ 390,212	\$ 18,924	\$ 31,967	\$ 441,103
Professional fees	240,513	18,307	50	258,870
Insurance	60,764	7,165	4,165	72,094
Program supplies and materials	71,008	-	-	71,008
Payroll taxes	30,338	3,251	2,528	36,117
Depreciation	27,634	4,877	-	32,511
Maintenance	13,684	3,424	12	17,120
Utilities	11,614	1,366	683	13,663
Printing	7,474	285	1,141	8,900
Vehicle expense	5,506	4	1	5,511
Licenses and fees	3,553	236	76	3,865
Office expense	2,835	391	587	3,813
Postage	2,166	258	1,033	3,457
Telephone	3,018	220	110	3,348
Miscellaneous	219	-	-	219
Rent	1	-	-	1
Total	\$ 870,539	\$ 58,708	\$ 42,353	\$ 971,600

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

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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.

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.

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.

Public Support and Revenue

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Contributed Services and Gifts in Kind

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.

During the year ended December 31, 2018, the Organization benefited from more than 3,200 volunteer hours. In-kind professional services that meet the requirements for recognition in the financial statements were recorded and totaled \$244,757. These donated services included \$29,600 of services provided by board members. In addition, the Organization received \$27,941 in program supplies as gifts in kind.

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.

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.

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018, the Organization's had no uninsured cash balances.

Note 3 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets at the statement of financial position date, reduced by amounts not available for general use within one year of the statement date because of contractual or donor-imposed restrictions.

Financial Assets at December 31, 2018 is comprised of:

Cash and cash equivalents	\$ 202,749
Accounts receivable	15,050
Investments	<u>733,002</u>
Total Financial Assets at December 30, 2018	950,801
Less designated by the board for future use	<u>733,002</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 217,799</u></u>

The Organization has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2018, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. The board of directors has designated certain investments for future use. Because of the board's designation, those investments are not available for general expenditures within the next year; however, the board of directors could make them available, if necessary.

The Organization is substantially supported by contributions with restrictions and without restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus financial assets may not be available for general expenditure within one year. As part of the Organization liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 4 – Inventory

Inventory consists of the following:

Raw materials	\$ 263
Finished goods	<u>8,532</u>
	<u><u>\$ 8,795</u></u>

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 5 – Investments

Investments consist of the following:

	Aggregate Fair Value	Cost
Money market funds	\$ 190,179	\$ 190,179
Marketable equity securities	254	95
Mutual funds	542,569	555,047
	<u>\$ 733,002</u>	<u>\$ 745,321</u>

Investment returns are summarized as follows:

Interest and dividends	\$ 36,288
Net realized and unrealized losses	<u>(69,575)</u>
Total	<u>\$ (33,287)</u>

Note 6 – Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2018 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Money market funds	\$ 190,179	\$ 190,179	\$ -	\$ -
Marketable equity securities	254	254	-	-
Mutual funds	542,569	542,569	-	-
Investments	<u>\$ 733,002</u>	<u>\$ 733,002</u>	<u>\$ -</u>	<u>\$ -</u>

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

Note 7 – Property and Equipment

Property and equipment consists of the following:

Leasehold improvements	\$ 499,862
Furniture and fixtures	16,561
Equipment	35,900
Intangible assets	<u>106,050</u>
	658,373
Less accumulated depreciation	<u>(326,014)</u>
	<u>\$ 332,359</u>

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 8 – Net Assets with Restrictions

Net assets with restrictions consist of the following:

Net Assets with Restrictions	
Art show and 50 th anniversary party	\$ 10,000
Time restricted for 2019	25,000
Friends of the L.A. GOAL	<u>10,000</u>
 Total Net Assets with Restrictions	 <u>\$ 45,000</u>

Note 9 – Board Designated Net Assets

The Board has designated long-term investments to function as a reserve fund. Income from these investments is added to the fund unless appropriated by the board for operational purposes. The balance of board designated net assets at December 31, 2018 was \$733,002.

Note 10 – Lease

The Organization leases office space under a noncancelable lease 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.

Note 11 – Subsequent Events

Subsequent events were evaluated through March 12, 2019, 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.