

Financial Statements

L.A. GOAL

December 31, 2019



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, 2019, 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, 2019, 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 10, 2020

L.A. GOAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 284,183	\$ 7,898	\$ 292,081
Contributions receivable, net of allowance for doubtful accounts of \$0	42,445	40,000	82,445
Prepaid expenses	5,320	-	5,320
Inventory	11,253	-	11,253
Investments	837,824	-	837,824
Property and equipment	300,008	-	300,008
	Total Assets	\$ 47,898	\$ 1,528,931
	\$ 1,481,033	\$ 47,898	\$ 1,528,931
Liabilities			
Accounts payable	\$ 5,519	\$ -	\$ 5,519
Accrued salaries	4,719	-	4,719
	Total Liabilities	-	10,238
	10,238	-	10,238
Net Assets			
Without donor restrictions	1,470,795	-	1,470,795
With donor restrictions	-	47,898	47,898
	Total Net Assets	47,898	1,518,693
	1,470,795	47,898	1,518,693
Total Liabilities and Net Assets			
	\$ 1,481,033	\$ 47,898	\$ 1,528,931

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants and contributions	\$ 688,617	\$ 83,000	\$ 771,617
Program income	223,331	-	223,331
Sales, arts and crafts	39,573	-	39,573
Member dues	17,470	-	17,470
Investment returns	96,056	-	96,056
Special events, net of direct expenses of \$50,920	49,938	-	49,938
Net assets released from purpose restrictions	80,102	(80,102)	-
Total Support and Revenue	1,195,087	2,898	1,197,985
Expenses			
Program services	866,999	-	866,999
Management and general	61,489	-	61,489
Fundraising	42,744	-	42,744
Total Expenses	971,232	-	971,232
Change in Net Assets	223,855	2,898	226,753
Net Assets, Beginning of Year	1,246,940	45,000	1,291,940
Net Assets, End of Year	\$ 1,470,795	\$ 47,898	\$ 1,518,693

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

**L.A. GOAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Cash Flows from Operating Activities	
Cash received from donors	\$ 453,134
Cash received from service recipients	381,232
Cash paid to suppliers and employees	(735,851)
Interest received	17,803
	<hr/>
Net Cash Provided by Operating Activities	116,318
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Cash Flows from Investing Activities	
Purchase of property and equipment	(1,592)
Proceeds from sales of investments	492,932
Purchase of investments	(518,326)
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Net Cash Used in Investing Activities	(26,986)
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Net Increase in Cash and Cash Equivalents	89,332
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Cash and Cash Equivalents, Beginning	202,749
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Cash and Cash Equivalents, Ending	\$ 292,081
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 Reconciliation of the Change in Net Assets To Net Cash Provided by Operating Activities	
Change in Net Assets	\$ 226,753
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
Depreciation	33,943
Realized and unrealized gains on investments	(78,253)
Donation of noncash asset	(1,175)
(Increase) Decrease in:	
Contribution receivable	(67,395)
Prepaid expenses	3,779
Inventory	(2,458)
Increase (Decrease) in:	
Accounts payable	1,458
Accrued salaries	(334)
	<hr/>
Net Cash Provided by Operating Activities	\$ 116,318
	<hr/> <hr/>

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

L.A. GOAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	
Salaries	\$ 408,969	\$ 19,315	\$ 33,432	\$ 461,716
Professional fees	237,479	20,226	-	257,705
Insurance	50,445	6,147	3,237	59,829
Program supplies and materials	51,539	-	-	51,539
Payroll taxes	31,666	3,393	2,639	37,698
Depreciation	28,852	5,091	-	33,943
Maintenance	19,184	4,817	86	24,087
Utilities	12,049	1,418	709	14,176
Printing	9,369	264	1,056	10,689
Vehicle expense	6,059	14	5	6,078
Licenses and fees	3,140	85	68	3,293
Office expense	2,270	233	399	2,902
Postage	2,740	249	995	3,984
Telephone	3,139	237	118	3,494
Miscellaneous	98	-	-	98
Rent	1	-	-	1
Total	<u>\$ 866,999</u>	<u>\$ 61,489</u>	<u>\$ 42,744</u>	<u>\$ 971,232</u>

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

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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.

Basis of Accounting

The accounts of the Organization are maintained, and the financial statements are prepared, on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Cash and Cash Equivalents

Cash represents cash deposits held at financial institutions. Cash equivalents include short-term, highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried 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

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents, its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Public Support and Revenue (continued)

During the year ended December 31, 2019, the Organization benefited from more than 2,700 volunteer hours. In-kind professional services that meet the requirements for recognition in the financial statements were recorded and totaled \$208,674. These donated services included \$17,200 of services provided by board members. These services are included on the statement of functional expenses as professional fees. In addition, the Organization received \$41,239 in program supplies as gifts in kind. These supplies are included on the statement of functional expenses as program supplies and materials.

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.

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.

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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 program services and supporting services. Expenses related to more than one function are charged to program services and supporting services on the basis of periodic time and expense studies. Supporting service 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, i.e. management and general expenses.

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 a single financial institution. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At December 31, 2019, the Organization's uninsured cash balances, as reported by the financial institution, totaled \$52,316.

Note 3 – Inventory

Inventory consists of the following:

Raw materials	\$ 538
Finished goods	<u>10,715</u>
	<u><u>\$ 11,253</u></u>

Note 4 – Property and Equipment

Property and equipment consists of the following:

Leasehold improvements	\$ 499,862
Furniture and fixtures	16,561
Equipment	37,492
Intangible assets	<u>106,050</u>
	659,965
Less accumulated depreciation	<u>(359,957)</u>
	<u><u>\$ 300,008</u></u>

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 5 – Investment and Fair Value Measurements

Fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2019 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)
Common stock				
Technology	\$ 1,175	\$ 1,175	\$ -	\$ -
Exchange traded funds	13,966	13,966	-	-
Mutual funds				
Equity funds	176,874	176,874		
Money market funds	645,809	645,809	-	-
Investments	<u>\$ 837,824</u>	<u>\$ 837,824</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 6 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

Net Assets with Donor Restrictions	
Time restricted for 2020	\$ 40,000
Friends of the L.A. GOAL	<u>7,898</u>
Total Net Assets with Donor Restrictions	<u>\$ 47,898</u>

Note 7 – 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 reserve fund unless appropriated by the Board for operational purposes. The balance of board designated net assets at December 31, 2019 was \$837,824.

Note 8 – 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.

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 9 – 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, 2019 is comprised of:	
Cash and cash equivalents	\$ 292,081
Contributions receivable	82,445
Investments	<u>837,824</u>
Total Financial Assets at December 31, 2019	1,212,350
Less designated by the Board for future use	<u>837,824</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 374,526</u></u>

The Organization has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2019, 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 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 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 10 – Subsequent Events

Subsequent events were evaluated through March 10, 2020, 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.