

Financial Statements

L.A. GOAL

December 31, 2020



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, 2020, 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, 2020, 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.

Wenzick & Caron

Pasadena, California
April 2, 2021

L.A. GOAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 488,026	\$ 12,398	\$ 500,424
Contributions receivable, net of allowance for doubtful accounts of \$0	4,806	-	4,806
Prepaid expenses	4,479	-	4,479
Inventory	7,012	-	7,012
Investments	893,471	-	893,471
Property and equipment	272,854	-	272,854
	Total Assets	\$ 12,398	\$ 1,683,046
	\$ 1,670,648	\$ 12,398	\$ 1,683,046
Liabilities			
Accounts payable	\$ 3,300	\$ -	\$ 3,300
Accrued salaries	8,853	-	8,853
	Total Liabilities	-	12,153
	12,153	-	12,153
Net Assets			
Without donor restrictions	1,658,495	-	1,658,495
With donor restrictions	-	12,398	12,398
	Total Net Assets	12,398	1,670,893
	1,658,495	12,398	1,670,893
Total Liabilities and Net Assets			
	\$ 1,670,648	\$ 12,398	\$ 1,683,046

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants and contributions	\$ 776,272	\$ 48,500	\$ 824,772
Program income	124,866	-	124,866
Sales, arts and crafts	18,390	-	18,390
Member dues	6,360	-	6,360
Investment returns	45,487	-	45,487
Net assets released from purpose restrictions	84,000	(84,000)	-
Total Support and Revenue	1,055,375	(35,500)	1,019,875
Expenses			
Program services	755,944	-	755,944
Management and general	72,607	-	72,607
Fundraising	39,124	-	39,124
Total Expenses	867,675	-	867,675
Change in Net Assets	187,700	(35,500)	152,200
Net Assets, Beginning of Year	1,470,795	47,898	1,518,693
Net Assets, End of Year	\$ 1,658,495	\$ 12,398	\$ 1,670,893

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

L.A. GOAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating Activities

Cash received from donors	\$ 612,968
Cash received from service recipients	149,616
Cash paid to suppliers and employees	(651,686)
Interest received	15,107

Net Cash Provided by Operating Activities	126,005
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Cash Flows from Investing Activities

Purchase of property and equipment	(6,622)
Proceeds from sales of investments	660,366
Purchase of investments	(675,406)

Net Cash Used in Investing Activities	(21,662)
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Cash Flows from Financing Activities

Proceeds from loan payable	104,000
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Net Increase in Cash and Cash Equivalents	208,343
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Cash and Cash Equivalents, Beginning

	292,081
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Cash and Cash Equivalents, Ending	\$ 500,424
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Reconciliation of the Change in Net Assets To Net Cash

Provided by Operating Activities

Change in Net Assets	\$ 152,200
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
Depreciation	33,776
Realized and unrealized gains on investments	(30,380)
Donation of noncash asset	(10,227)
Forgiveness of loan payable	(104,000)
(Increase) Decrease in:	
Contribution receivable	77,639
Prepaid expenses	841
Inventory	4,241
Increase (Decrease) in:	
Accounts payable	(2,219)
Accrued salaries	4,134

Net Cash Provided by Operating Activities	\$ 126,005
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L.A. GOAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	
Salaries	\$ 377,783	\$ 18,929	\$ 33,381	\$ 430,093
Professional fees	189,722	37,749	12	227,483
Insurance	48,630	2,560	568	51,758
Program supplies and materials	43,806	-	-	43,806
Payroll taxes	28,929	3,100	2,411	34,440
Depreciation	28,710	5,066	-	33,776
Maintenance	12,012	3,019	64	15,095
Utilities	9,862	1,160	580	11,602
Printing	5,088	251	1,005	6,344
Telephone	3,884	342	171	4,397
Licenses and fees	3,419	127	127	3,673
Postage	1,181	166	665	2,012
Office expense	1,505	102	128	1,735
Vehicle expense	1,412	36	12	1,460
Rent	1	-	-	1
Total	<u>\$ 755,944</u>	<u>\$ 72,607</u>	<u>\$ 39,124</u>	<u>\$ 867,675</u>

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

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

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, 2020

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

Public Support and Revenue (continued)

During the year ended December 31, 2020, the Organization benefited from more than 1,400 volunteer hours. In-kind professional services that meet the requirements for recognition in the financial statements were recorded and totaled \$174,630. These donated services included \$53,162 of services provided by board members. These services are included on the statement of functional expenses as professional fees. In addition, the Organization received \$29,108 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 \$2,000. 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, 2020

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 (FDIC) up to \$250,000 per financial institution. Such amounts may at times exceed FDIC limits, however the Organization believes the risk of loss is minimal. At December 31, 2020, the Organization's uninsured cash balances, as reported by the financial institution, totaled \$263,492. To date, the Organization has not experienced any losses in these accounts.

Note 3 – Inventory

Inventory consists of the following:

Raw materials	\$ 787
Finished goods	6,225
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	\$ 7,012

Note 4 – Property and Equipment

Property and equipment consists of the following:

Leasehold improvements	\$ 502,487
Furniture and fixtures	20,558
Equipment	37,492
Intangible assets	106,050
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	666,587
Less accumulated depreciation	(393,733)
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	\$ 272,854

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020 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)
Exchange traded funds	\$ 24,315	\$ 24,315	-	-
Mutual funds				
Equity funds	229,901	229,901		
Money market funds	639,255	639,255	-	-
Investments	<u>\$ 893,471</u>	<u>\$ 893,471</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 – Paycheck Protection Program Loan

On May 1, 2020, the Organization obtained a \$104,000 loan from Pacific Western Bank, pursuant to the Paycheck Protection Program (PPP), under the Coronavirus Aid Relief and Economic Security Act (CARES Act), which was enacted on March 27, 2020. Funds from the loan may only be used for payroll costs, employee health insurance, mortgage interest, rent or lease obligations and utilities.

The Organization was required to apply for loan forgiveness. On December 30, 2020, the Small Business Administration (SBA) confirmed full and complete forgiveness of the unpaid balance. The forgiven balance of \$104,000 is included in grant income on the statement of activity and changes in net assets.

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of funds restricted for Friends of L.A. GOAL; a group of family members who raise funds through events to benefit programs at the Foundation.

Note 8 – 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. During the year ended December 31, 2020, all income was reinvested back into the reserve fund. The balance of board designated net assets at December 31, 2020 was \$893,471.

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9 – 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 10 – 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, 2020 is comprised of:	
Cash and cash equivalents	\$ 500,424
Contributions receivable	4,806
Investments	<u>893,471</u>
Total Financial Assets at December 31, 2020	1,398,701
Less designated by the Board for future use	<u>893,471</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 505,230</u></u>

The Organization has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2020, 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 with donor restrictions 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 11 – Commitments and Contingencies

In early March 2020, the spread of Coronavirus Disease 2019 (“COVID-19”) was declared a global pandemic. As a result of efforts to slow the spread of COVID-19, the Organization reorganized operations from in-person programming to providing remote services via telephone, remote classes and meetings.

L.A. GOAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 11 – Commitments and Contingencies (continued)

The Organization continues to actively monitor the current and potential impacts of COVID-19, and will prepare and plan accordingly. The continued spread of COVID-19 could adversely impact results of operations, cash flows and financial conditions. However, the Organization is not able to predict any potential impact at this time. No adjustments were necessary to the financial statements with respect to this matter.

Note 12 – Subsequent Events

Subsequent events were evaluated through April 2, 2021, 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.