VOLUNTEER CENTER
SOUTH BAY-HARBOR-LONG BEACH
FINANCIAL STATEMENTS

JUNE 30, 2023

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
NOTES TO THE FINANCIAL STATEMENTS	7 – 17

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Volunteer Center South Bay-Harbor-Long Beach

Opinion

We have audited the accompanying financial statements of Volunteer Center South Bay-Harbor-Long Beach (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Volunteer Center South Bay-Harbor-Long Beach 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. 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 Volunteer Center South Bay-Harbor-Long Beach 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 the 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 Volunteer Center South Bay-Harbor-Long Beach's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

3200 Bristol Ave, Ste. 640
Costa Mesa, CA 92626

Ph: (949)-922-7258

4510 East Pacific Coast Highway, Ste. 270
Long Beach, CA 90804

Ph: (562)-498-0997

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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Volunteer Center South Bay-Harbor-Long Beach's 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 Volunteer Center South Bay-Harbor-Long Beach's 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.

GuzmanGray
Long Beach, CA
January 11, 2024

VOLUNTEER CENTER SOUTH BAY-HARBOR-LONG BEACH
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS			
Cash	$ 286,097	$ 163,885	$ 449,982
Inventory		20,544	20,544
Prepaid expenses	5,179		5,179
Total current assets	291,276	184,429	475,705
INVESTMENTS			
Endowment funds			
Endowment fund	1,258,999		1,258,999
Hicks Legacy		206,023	206,023
Durfee scholarship		68,261	68,261
Total endowment funds	1,258,999	274,284	1,533,283
Other board designated funds			
Maintenance	123,592		123,592
Reserve	21,039		21,039
Total other board designated funds	144,631		144,631
Total investments	1,403,630	274,284	1,677,914
PROPERTY AND EQUIPMENT,			
Net of $664,435 of accumulated depreciation	593,853		593,853
OTHER ASSETS			
Deposits	1,400		1,400
Total other assets	1,400		1,400
TOTAL ASSETS	$ 2,290,159	$ 458,713	$ 2,748,872

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable	$ 18,332		$ 18,332
Accrued payroll and related liabilities	45,308		45,308
Deferred revenue		$ 39,000	39,000
Total current liabilities	63,640	39,000	102,640
LONG-TERM LIABILITIES			
Economic Injury Disaster Loan	150,000		150,000
Total liabilities	213,640		252,640
NET ASSETS			
Without Donor Restrictions			
Undesignated	752,186		752,186
Board designated	1,324,333		1,324,333
With Donor Restrictions		419,713	419,713
Total net assets	2,076,519	419,713	2,496,232
TOTAL LIABILITIES AND NET ASSETS	$ 2,290,159	$ 458,713	$ 2,748,872

See Independent Auditor's Report and Notes to the Financial Statements.

VOLUNTEER CENTER SOUTH BAY-HARBOR-LONG BEACH
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2023

		Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE				
Grants		$ 24,715	$ 160,185	184,900
Contributions and appeals		3,118	30,110	33,228
Development revenue		22,480	6,540	29,020
Fiscal sponsorship			7,018	7,018
Legacies			3,000	3,000
Program fees		353,908		353,908
Investment return, net		82,022	85,474	167,496
In-kind goods			38,242	38,242
In-kind rent		21,096		21,096
Gross special events revenue	$ 127,573			
Less cost of direct benefits to donors	(20,580)			
Net special event revenue		106,993		106,993
		614,332	330,569	944,901
NET ASSETS RELEASED FROM DONOR RESTRICTIONS		312,193	(312,193)	
TOTAL SUPPORT AND REVENUE		926,525	18,376	944,901
EXPENSES				
Program services		786,300		786,300
Supporting services:				
Management and general		75,983		75,983
Fundraising		39,889		39,889
TOTAL EXPENSES		902,172		902,172
CHANGES IN NET ASSETS		24,353	18,376	42,729
NET ASSETS, BEGINNING OF YEAR		2,052,166	401,337	2,453,503
NET ASSETS, END OF YEAR		$ 2,076,519	$ 419,713	$ 2,496,232

See Independent Auditor's Report and Notes to the Financial Statements.

VOLUNTEER CENTER SOUTH BAY-HARBOR-LONG BEACH
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Programs	Supporting Services: Management and General	Supporting Services: Fundraising	Cost of Direct Benefit to Donors	Total
Salaries and wages	$ 416,228	$ 43,870	$ 23,119		$ 483,217
Employee benefits	9,001	919	676		10,596
Payroll taxes	34,923	3,281	1,929		40,133
Total personnel costs	460,152	48,070	25,724		533,946
Bank and credit card fees	3,670	2,282			5,952
Building	8,262	992	983		10,237
Employee training	82	911			993
Equipment rental and maintenance	2,243				2,243
Fund development and donor relations		14	67		81
In-kind goods	56,853				56,853
In-kind rent	21,096				21,096
Insurance	17,366	2,240	2,240		21,846
Interest		3,205			3,205
Memberships, dues and permits	112		1,889		2,001
Mileage and parking	138				138
Occupancy	39,166	316	56		39,538
Printing and postage	5,094	1,536	864		7,494
Professional fees	30,727	2,471	2,172		35,370
Program materials	62,630	423	82		63,135
Property taxes	993	142	142		1,277
Repairs and maintenance		3,532			3,532
Special events				$ 20,580	20,580
Sponsorships	22,851				22,851
Supplies	159	4			163
Telephone	23,098	462	464		24,024
Travel	634		61		695
Utilities	14,726	1,366	1,456		17,548
Website, email and social media		5,851	439		6,290
Total expenses before depreciation	770,052	73,817	36,639	20,580	901,088
Depreciation	16,248	2,166	3,250		21,664
Less expenses included with revenues on the statement of activities and changes in net assets: Cost of direct benefits to donors				(20,580)	(20,580)
Total expenses included in expense section on the statement of activities and changes in net assets	$ 786,300	$ 75,983	$ 39,889	$ -	$ 902,172

See Independent Auditor's Report and Notes to the Financial Statements.

VOLUNTEER CENTER SOUTH BAY-HARBOR-LONG BEACH
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	$ 42,729
Adjustments to reconcile decrease in net assets to net cash provided by operating activities	
Depreciation	21,664
Unrealized gain on investments	(34,941)
(Increase) decrease in:	
Inventory	18,612
Prepaid expenses	(1,248)
Increase (decrease) in:	
Accounts payable	(14,320)
Accrued payroll and accrued vacation	13,557
Deferred revenue	39,000
Net cash provided by operating activities	85,053
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of fixed assets	(44,167)
Reinvestments	(555)
Net cash used for investing activities	(44,722)
NET CHANGE IN CASH AND RESTRICTED CASH	40,331
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	409,651
CASH AND RESTRICTED CASH, END OF YEAR	$ 449,982
SUPPLEMENTAL DISCLOSURES	
INTEREST PAID	NONE
TAXES PAID	NONE

See Independent Auditor's Report and Notes to the Financial Statements.

NOTE 1 – ORGANIZATION

The Volunteer Center South Bay-Harbor-Long Beach (the "Center") is a nonprofit 501(c)(3) organization located in southwest Los Angeles County. The Center was founded in 1963 to bring people and resources together to address urgent community needs. For 60 years, the Center has been a trusted presence in the South Bay, Harbor, and Long Beach communities and beyond. The Center administers various programs such as Food for Kids, Operation Teddy Bear, the Court-Referred Community Service program, and youth support initiatives such as Connect. The Center has decades-long partnerships and relationships across the nonprofit, educational, government, and business sectors. The Center's current focus and strategic direction, *Engaging Hearts and Minds*, is the result of significant research, evaluation, and discussion with partners and experts on where and how care is needed most.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Center uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

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 that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. The Center's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets released from donor restrictions

Net assets are released by incurring expenses satisfying the restriction or by occurrence of other events specified by donors.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Center considers all debt instruments purchased with original maturities of three months or less to be cash equivalents.

Inventory
The Center receives donated food for their Food for Kids program throughout the year. Based on management's evaluation and the average value of various food types per the United States Department of Agriculture (USDA) site, the Center valued donated food at $1.92 per pound. Donated food is recorded in inventory at the lower of cost or fair market value at June 30, 2023. Cost is determined using the First in – First out (FIFO) method.

Investments
Investments are recorded at fair market value net of realized and unrealized gains and losses; realized gains and losses on investments are reflected in the statement of activities and changes in net assets.

Pledges Receivable
Contributions, including unconditional promises, are recognized as revenue when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. Promises made and collected in the same reporting period are recorded when received in the appropriate net asset category. Promises of non-cash assets are recorded at fair value. Conditional promises are recorded when donor stipulations are substantially met. Discounts are applied to certain fundraising pledge receivables. The discounts are based on the date management believes the pledges receivables will be collected. The Center has no pledges receivables at June 30, 2023.

Property and Equipment
Purchased property and equipment are recorded at cost. Donated items of a capital nature are recorded at fair market value at the date of donation. Repairs and maintenance of a normal nature are expensed. Betterments, which extend the life of an asset, are capitalized. Buildings and improvements are depreciated on a straight-line method based on useful lives of 20-40 years. All office furniture and equipment are depreciated on a straight-line method based on useful lives of 5-7 years.

Fair Value of Financial Instruments
The carrying amounts of financial instruments, including cash, accounts receivable, accounts payable, and accrued liabilities approximate fair value due to their short-term nature. The carrying amount of long-term debt approximates fair value as the current interest rate approximates market rate.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Center applies the five-step model to contracts when it is probable that the Center will collect the consideration it is entitled. To determine revenue recognition for arrangements within the scope of ASC Topic 606, Revenue from Contracts with Customers, the Center performs the following five steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the Center satisfies a performance obligation. The Center then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied.

A summary of significant revenue recognition policies is as follows:

Grants, contributions and appeals

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Unconditional promises to give (i.e., pledges) are recognized when made by the donor. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Fiscal Sponsorship

Fiscal sponsorships are recognized as revenue in the period the fiscally sponsored projects occurred.

Legacies

Legacies can be either conditional or unconditional. Conditional gifts are dependent upon the occurrence of a future event. Unconditional gifts are not restricted and are irrevocable. The gift is not irrevocable if the donor can cancel the gift sometime in the future. Unconditional irrevocable gifts are recognized as revenue when received. Conditional gifts are not recognized until the conditions on which they depend have occurred.

Program Fees

Program fees mainly consist of court referral fees which are recognized in the period in which services are rendered

Special Events

Special events are organized to raise contributions to support the Center's activities. The participants of these events are offered something of value for a sum that exceeds the costs of the benefits provided to the participants. The difference between the amount paid by the donor and the fair value of the benefit received by the donor is considered a contribution.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Special Events

The items of value given to the donor are referred to as "cost of direct benefits to donors." These are the actual costs of the items and services furnished to the donor to attend the special event. The cost of direct benefit to donors is presented as a line item deducted from gross special events revenue in the statement of activities and changes in net assets.

Donated Services and Material

Contribution of services shall be recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. The Center received numerous hours of donated volunteer time to support various program activities that did not meet the criteria for such hours to be recorded and, therefore, no amounts have been reflected in the financial statements for the year ended June 30, 2023. Donated materials and assets are recorded at fair market value at the date of the gift as described in Note 9.

Accrued Vacation

Accruals for vacation are made on a monthly basis as such benefits become payable to employees. Pay rate increases are applied to the hours earned in prior periods, if any, and are reported in salaries and wages in the statement of functional expenses.

Income Tax Status

The Center has qualified for tax-exempt status under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Center has also been classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(c)(2).

The Center evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. At June 30, 2023, management does not believe the Center has any uncertain tax positions requiring accrual or disclosure. The Center is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Functional Allocation of Expenses

The costs of providing the various program and supporting services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management which is based on the prorated share of direct program expenses incurred by the programs for operating expenses. Expenses that can be identified with specific programs and supporting services are allocated directly according to their natural expenditure classification.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement

Effective July 1, 2022, the Center adopted FASB ASC 842, Leases. The Center determines if an arrangement contains a lease at inception based on whether the Center has the right to control the asset during the contract period and other facts and circumstances. The Center elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Center to carry forward the historical lease classification. The adoption of FASB ASC 842 did not have an impact on the Center's financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

U.S. GAAP emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As a basis for considering market participant assumptions in fair market value measurements, U.S. GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). Level 1 inputs utilize quoted prices in active market for identical assets or liabilities that an organization has the ability to access. Level 2 inputs utilize other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability, such as interest rates, that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based upon inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2023:

Money market fund, exchange-traded and mutual funds: Valued using readily determinable fair values based on quoted prices in active markets.

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Money market fund	$ 6,214	$ 6,214
Exchange-traded and mutual funds	1,671,700	1,671,700
	$ 1,677,914	$ 1,677,914

NOTE 4 – INVESTMENTS

Investments consist of the following at June 30, 2023:

	Cost	Unrealized Gain	Fair Value
Money market fund	$ 6,214		$ 6,214
Exchange-traded and mutual funds	1,522,595	$ 149,105	1,671,700
	$ 1,528,809	$ 149,105	$ 1,677,914

Net investment return consists of the following for the year ended June 30, 2023:

Dividends and interest	$ 132,555
Unrealized gain	34,941
	$ 167,496

NOTE 5 - INVENTORY

Inventory consists of the following at June 30, 2023:

Food	$ 20,544

NOTE 6 – PROPERTY AND EQUIPMENT, net

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

Land	$ 285,715
Buildings and improvements	872,425
Office furniture and equipment	100,148
	1,258,288
Less: Accumulated depreciation	(664,435)
	$ 593,853

Depreciation expense for the year ended June 30, 2023 totaled $21,664.

NOTE 7 – ECONOMIC INJURY DISASTER LOAN

In August 2020, the Center received loan proceeds in the amount of $150,000 under the Small Business Administration Economic Injury Disaster Loan program (EIDL). The loan is payable for thirty years at an interest rate of 2.75%. Due to the continued adverse effects of the COVID-19 emergency, the Small Business Administration granted an additional 6-month deferment of principal and interest payments to existing EIDL borrowers. EIDL has a total deferment of 30 months from the date of the note. Installment payments include principal and interest totaling $641 per month.

Minimum payments as of June 30,		
2024	$	3,264
2025		3,355
2026		3,449
2027		3,545
2028		3,643
Thereafter		132,744
	$	150,000

NOTE 8 – NET ASSETS

Board designated

The Center's board of directors has designated funds in a separate investment account for future building maintenance and repairs. The board has also designated funds to establish an endowment fund to support the general operations and programs of the Center. However, the board of directors could make the designated funds available for general use, if necessary.

Board designated net assets consist of the following at June 30, 2023:

Endowment fund	$	1,153,565
Future building maintenance and repairs		151,881
Reserve fund		18,887
	$	1,324,333

Net assets with donor restrictions

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

Specific purpose and passage of time:		
Durfee Scholarship	$	42,308
Food For Kids		89,011
Visions of Unity		1,334
Other Programs		12,776
		145,429
Perpetual in nature:		
Hick's Legacy endowment		206,023
Durfee Scholarship		68,261
		274,284
	$	419,713

NOTE 8 – NET ASSETS (Continued)

Net assets released from net assets with donor restrictions either by incurring expenses which satisfied the restricted purposes or passage of time, or by the occurrences of other events specified by donors during the year ended June 30, 2023 are as follows:

Satisfaction of purpose restrictions:		
Durfee Scholarship	$	16,000
Food For Kids		40,957
Operation Teddy Bear		81,110
Connect		162,105
Visions of Unity		6,930
Other Programs		5,091
	$	312,193

NOTE 9 – GIFTS-IN-KIND

The Center received gifts-in-kind for donated facilities and food to support program activities and consist of the following for the year ended June 30, 2023:

Description		Value of Donated Goods
Food	$	38,242
Use of Premises - Airport Courthouse		21,096
	$	59,338

Donated food was valued based on the average value of various food types per the United States Department of Agriculture (USDA) site. Donated use of premises was valued based on comparative analysis of similar rental properties.

NOTE 10 – LEASE OBLIGATIONS

During the year ended June 30, 2023, the Center leased a copier under the terms of an operating lease. The lease expired in April 2023.

The Center leases office space located in Long Beach, Los Angeles, and Bellflower with minimum lease payments ranging between $135 to $1,750 per month. These leases are month-to-month.

Rental facilities expense for the year ended June 30, 2023 totaled $37,712 which is included in "Occupancy" in the statement of functional expenses. Equipment rental expense for the year ended June 30, 2023 totaled $2,243 which is included in "Equipment rental and maintenance" in the statement of functional expenses.

NOTE 11 – ENDOWMENT FUNDS

The Center's endowment consists of the Durfee Scholarship Fund and an investment fund. The Durfee Scholarship Fund is distinct from the investment fund. Each has its own Vanguard account, spending policy, and purpose. The Durfee Scholarship Fund distributes scholarships to high school students who demonstrate a commitment to community service despite economic and/or personal hardships. The investment fund provides a growing, stable and perpetual source of funding to support the Center's general operations and programs.

The Center's endowment includes both donor restricted endowment funds and funds designated by the board of directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

General Board Policy on Administration of Endowment Funds

The Center has interpreted the UPMIFA (California Uniform Prudent Management of Institutional Funds Act) 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 Center classifies net assets with donor restrictions which are perpetual in nature as: (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

Investment Policy for Endowment Funds

The remaining portion of the donor-restricted endowment fund that is not perpetual in nature is considered to be temporary in nature until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA, which became effective in California on January 1, 2009.

The Center has utilized investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and operations supported by its endowment while seeking to maintain the purchasing power of the endowment assets. As a result, the endowment assets are invested in a manner that is intended to produce results that, over the long-term, allow it to grow at a rate exceeding expected inflation. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return. The principal of the endowment assets, or the sum of the contributions, will be invested and managed in perpetuity.

Spending Policy for Endowment Funds

Donor-imposed restrictions

The Center may annually expend on scholarships up to the total amount of income it has earned in the Durfee Scholarship Fund during the fiscal year. The Center does not have to spend all of the interest earned each year. Also, the Board of Directors can pull up to 10% of the Durfee Scholarship Fund balance to use for scholarships as long as that withdrawal does not cause the balance to fall below the restricted principal. The number and size of scholarship given each year is determined by the Center's Scholarship Committee.

NOTE 11 – ENDOWMENT FUNDS (Continued)

Board designated

The Board of Directors can pull up to 5% of the balance each fiscal year to use for general operations as long as that withdrawal does not cause the remaining balance to fall below $1,000,000.

Endowment net assets consist of the following at June 30, 2023:

	Undesignated	Board Designated	With Donor Restrictions	Total
Endowments - undesignated	$ 42,308			$ 42,308
Endowments designated by the Board of Directors		$ 1,216,691		1,216,691
Endowments subject to donor restrictions temporary in nature:				
Hicks Legacy			$ 206,023	206,023
Durfee Scholarship			68,261	68,261
	$ 42,308	$ 1,216,691	$ 274,284	$ 1,533,283

Changes in endowment net assets consist of the following for the year ended June 30, 2023:

			With Donor Restrictions		
	Undesignated	Board Designated	Purpose Restricted	Perpetual in Nature	Total
Endowment net assets, beginning of year	$ 43,801	$ 1,153,565		$ 274,284	$ 1,471,650
Contributions		138,126			138,126
Withdrawals	(1,493)	(75,000)			(76,493)
Endowment net assets, end of year	$ 42,308	$ 1,216,691	$ -	$ 274,284	$ 1,533,283

NOTE 12 – CREDIT RISKS, MARKET AND INTEREST RATE RISKS, UNCERTAINTIES, AND OTHER

Credit Risks

The Center maintains its cash balances in financial institutions located in Southern California. At times, cash balances in financial institutions have exceeded federally insured limits. There were no uninsured cash balances at June 30, 2023. Management believes the Center was not exposed to any significant credit risk. Cash balances deposited and maintained by financial institutions may differ from cash balances presented in the statement of financial position due to timing differences.

NOTE 12 – CREDIT RISKS, MARKET AND INTEREST RATE RISKS, UNCERTAINTIES, AND OTHER (Continued)

Market and Interest Rate Risks

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Other

The Center receives a majority of its public support and revenue from court referral contracts and fees within the South Bay area. Any change in this source of income would have a large impact on the Center's operations. It is management's opinion that revenue from this source will continue, but may experience a gradual decline in the immediate future.

NOTE 13 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023, consist of the following:

Cash	$ 449,982
Investments	1,677,914
Financial assets, at year end	2,127,896
Less: those unavailable for general expenditures within one year due to:	
Perpetual restrictions	(274,284)
Donor-imposed restrictions	(145,429)
Board designations	(1,324,333)
Financial assets unavailable for general expenditures within one year	(1,744,046)
Financial assets available to meet cash needs for general expenditures within one year	$ 383,850

The board of directors and management prepare a budget each year based on their knowledge of prior year transactions and potential transactions. Every month the board of directors and management review the Center's financial statements to determine the Center's liquid position and future prospects.

The board of directors has designated $1,324,333 of investments for future expenditures as fully described in Note 8. Because of the board of director's designation, those investments are not available for general expenditures within the next year. However, as stated in Note 8, the board of directors could make the designated funds available for general use, if necessary.

NOTE 14 – SUBSEQUENT EVENTS

The Center has evaluated events and transactions for potential recognition or disclosure through January 11, 2024, which represents the date the financial statements were available to be issued.