

FLINTRIDGE CENTER

(A California Nonprofit Corporation)

Audited Financial Statements

Year Ended June 30, 2018

FLINTRIDGE CENTER
(A California Nonprofit Corporation)

JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Flintridge Center

We have audited the accompanying financial statements of Flintridge Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows 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 from 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Flintridge Center as of June 30, 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.



Valencia, California

September 5, 2018

FLINTRIDGE CENTER
(A California Nonprofit Corporation)
Statement of Financial Position
As of June 30, 2018

Assets:

Cash and cash equivalents	\$ 96,980
Grants receivable	637,404
Property, furniture, equipment and and leaseholds, net	6,355,968
Other assets	<u>19,958</u>

Total assets \$ 7,110,310

Liabilities and Net assets

Liabilities -

Accounts payable and accrued expenses	\$ 179,740
Loan - related party	<u>69,000</u>

Total liabilities 248,740

Net assets:

Unrestricted net assets	6,378,813
Temporarily restricted net assets	<u>482,757</u>

Total net assets 6,861,570

Total liabilities and net assets \$ 7,110,310

See accompanying independent auditor's report and notes to financial statements.

FLINTRIDGE CENTER
(A California Nonprofit Corporation)
Statement of Activities
For the Year Ended June 30, 2018

	Year Ended June 30, 2018		
	Unrestricted	Temporarily restricted	Total
Public Support and Revenue			
Public Support			
Contributions			
Government	\$ 164,300	950,733	1,115,033
Businesses and individuals	331,869	-	331,869
Foundations	47,529	50,000	97,529
In-Kind contributions	68,092	-	68,092
Total Public Support	<u>611,790</u>	<u>1,000,733</u>	<u>1,612,523</u>
Revenue			
Service fees and other income	35,984	-	35,984
Rental property	325,388	-	325,388
Investment income, net	24	-	24
Total Revenue	<u>361,396</u>	<u>-</u>	<u>361,396</u>
Total Public Support and Revenue	973,186	1,000,733	1,973,919
Net assets released from program restrictions	<u>778,687</u>	<u>(778,687)</u>	<u>-</u>
Total Public Support and Revenue after Net Assets Released from Restrictions	<u>1,751,873</u>	<u>222,046</u>	<u>1,973,919</u>
Functional expenses			
Program expenses	1,300,250	-	1,300,250
<i>Support Services:</i>			
Management and administrative	117,350	-	117,350
Fund raising	40,640	-	40,640
	<u>1,458,240</u>	<u>-</u>	<u>1,458,240</u>
Rental property	374,651	-	374,651
Total expenses	<u>1,832,891</u>	<u>-</u>	<u>1,832,891</u>
Increase (Decrease) in net assets	(81,018)	222,046	141,028
Net assets, beginning of period	<u>6,459,831</u>	<u>260,711</u>	<u>6,720,542</u>
Net assets, end of period	<u>\$ 6,378,813</u>	<u>\$ 482,757</u>	<u>\$ 6,861,570</u>

See accompanying independent auditor's report and notes to financial statements.

FLINTRIDGE CENTER
(A California Nonprofit Corporation)
Statement of Functional Expenses
Year Ended June 30, 2018

Support Services

<u>Expense</u>	<u>Fundraising</u>	<u>Mgt. & Adm.</u>	<u>Programs</u>	<u>Total</u>
Staff - Payroll	\$ 27,722	\$ 66,184	\$ 976,285	\$ 1,070,191
Fee for professional services	-	16,845	103,413	120,258
Advertising & promotion	-	2	90	92
Office	1,211	27,702	40,290	69,203
Conferences & travel	995	2,010	37,081	40,086
Meetings & convenings	10,712	1,451	21,362	33,525
Program/training & other	-	2,886	72,292	75,178
Grants & fiscal sponsor	-	-	48,029	48,029
Other	-	270	1,408	1,678
Total	\$ <u>40,640</u>	\$ <u>117,350</u>	\$ <u>1,300,250</u>	\$ <u>1,458,240</u>

See accompanying independent auditor's report and notes to financial statements.

FLINTRIDGE CENTER
(A California Nonprofit Corporation)
Statement of Cash Flows
For the Year Ended June 30, 2018

Cash Flows from Operating Activities

Change in net assets	\$	141,028
<i>Adjustments for non cash transactions -</i>		
Depreciation		108,949
Loan forgiveness - Related Party		(22,000)
<i>Adjustments to reconcile change in net assets to net cash used by operating activities:</i>		
<i>(Increase) decrease in:</i>		
Grants receivable		(278,322)
Other assets		2,057
<i>Increase in:</i>		
Accounts payable and accrued expenses		13,302
Net cash used in operating activities		<u>(34,986)</u>
 Cash flows from investing activities		
Purchases of property and equipment		<u>(36,421)</u>
Net cash used in investing activities		(36,421)
 Cash flows from financing activities		
Borrowings from Related Party		180,075
Payments to Related Party		<u>(103,875)</u>
Net cash from financing activities		<u>76,200</u>
Net increase in cash		4,793
<i>Cash, beginning of period</i>		<u>92,187</u>
Cash, end of period	\$	<u><u>96,980</u></u>

See accompanying independent auditor's report and notes to financial statements.

FLINTRIDGE CENTER
(A California Nonprofit Corporation)
Notes to Financial Statements
For the Year Ended June 30, 2018

NOTE 1: ACTIVITIES

Nature of Activities:

Flintridge Center has been serving Los Angeles' most vulnerable community members for thirty years, with a focus on Northwest Pasadena and West Altadena. Flintridge's service to the community began with the work of the Flintridge Foundation, which operated as a grantmaker, service provider and convener from 1986 to 2007. Responding to the needs of the community, Flintridge transitioned to a direct service 501(c)(3) organization in 2007 with a renewed focus on human services. For over a decade, Flintridge Center and its community partners have provided a continuum of youth development and adult reintegration services for underserved community members, which intervene in and prevent cycles of community violence, intergenerational poverty, and recidivism.

Reintegration Services – Flintridge provides wraparound services to over 1,000 formerly incarcerated adults per year that promote self-sufficiency and build resilience in individuals by removing barriers to employment and healthy living. Services include substance abuse and mental health treatment; case management and individual wellness plans; resource fairs connecting individuals to services; employment development services; life skills workshops covering topics including anger management and communication; legal support clinics to assist individuals in reducing and expunging qualified offenses and reduce or remove traffic ticket payments; Know Your Rights trainings that help community members navigate interactions with police; and the Apprenticeship Preparation Program.

Apprenticeship Preparation Program - Flintridge provides an Apprenticeship Preparation Program (APP) to prepare approximately 75 previously incarcerated community members per year for sustainable careers in union construction trades. The 12-week, 240-hour program includes a union developed pre-apprenticeship curriculum, employment development, life skills, case management, hands on experience, physical fitness, financial literacy, and certification in industry valued credentials. The program is offered with support from the LA/Orange County Building and Construction Trades Council AFL-CIO and several community-based partners.

FLINTRIDGE CENTER
(A California Nonprofit Corporation)
Notes to Financial Statements
For the Year Ended June 30, 2018

NOTE 1: ACTIVITIES

Nature of Activities (Continued):

Youth of Promise – Flintridge provides a year round Youth of Promise (YOP) program to approximately 60 youth at-risk of dropping out of school, joining gangs, or falling into the justice system. Program components include: **case management** to connect families to resources and create individualized plans with youth that track grades, behavior, and goals; deep, one-to-one **mentoring** from a committed, trained adult; **academic support** and homework assistance in partnership with tutors from California Institute of Technology, Pasadena City College and Aspires West; **arts education** workshops facilitated by ArtCenter College of Design student volunteers; **community service** experiences that foster youths’ sense of belonging to their community and enhances personal and social outcomes; **life skills and personal development** workshops; **college and career planning** in coordination with partner College Access Plan (CAP); **enrichment activities** at college campuses, museums, and recreational venues; and **family engagement** opportunities that build protective factors.

SKILLZ Summer School – Flintridge coordinates with community partners to provide SKILLZ Summer School, which builds academic competencies and life skills for 100 youth at-risk of dropping out of school each summer. In-coming 8th and 9th grade students work with teachers and academic tutors from Pasadena Unified School District (PUSD), and engage in social and emotional development workshops facilitated by partner Day One. Lake Avenue Church hosts SKILLZ on its campus, and College Access Plan introduces students to college readiness.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Financial Statements Presentation:

CENTER is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets - Unrestricted net assets represent net assets that are not subject to donor-imposed restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

FLINTRIDGE CENTER
(A California Nonprofit Corporation)
Notes to Financial Statements
For the Year Ended June 30, 2018

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily restricted net assets - Temporarily restricted net assets are assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction is satisfied, temporarily restricted net assets are transferred to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. CENTER's temporarily restricted net at June 30, 2018 was \$482,757 (See note 6).

Permanently restricted net assets - Permanently restricted net assets are subject to donor-imposed restrictions that will not terminate. Funds are held in perpetuity while the income is available for general use. Permanently restricted net assets also reflect the Organization's beneficial interest in various irrevocable trusts. CENTER had no permanently restricted net assets at June 30, 2018.

Estimates:

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions regarding disclosures and amounts of certain reported amounts and disclosures. Accordingly, actual results may differ from estimated amounts.

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments available for current use with a maturity of three months or less. For the purposes of the Statement of Cash Flows, CENTER considers all certificates of deposit accounts and highly liquid money market accounts to be cash equivalents.

Grants Receivable:

Grants receivable are recorded when billed or accrued and represent claims against third-parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical knowledge of the grantor or agency. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due.

FLINTRIDGE CENTER
(A California Nonprofit Corporation)
Notes to Financial Statements
For the Year Ended June 30, 2018

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes:

CENTER is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for income taxes in these financial statements. The CENTER's tax returns for the years ending June 30, 2018, 2017 and 2016 and 2015 for state taxes are subject to examination by federal and state taxing authorities.

Functional Allocation of Expenses:

Costs of providing program services have been presented in the Statement of Functional Expenses. During the year, costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

In-Kind Donations Received (See Note 5):

Contributions of donated assets are recorded at fair value in the period received. This value is considered "cost" for donated investment securities and fixed assets.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CENTER.

Property, Furniture, Equipment and Leaseholds:

Property, furniture, equipment and leaseholds are stated at cost or fair value at date of donation. Additions and betterments greater than \$5,000 are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

NOTE 3: PROPERTY, FURNITURE, EQUIPMENT and LEASEHOLDS

Fixed assets are recorded at cost and are being depreciated over their useful lives. The building and improvements is depreciated over 39 years and the other furniture, equipment over 5 to 10 years using the straight-line method of depreciation/amortization.

FLINTRIDGE CENTER
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Notes to Financial Statements
For the Year Ended June 30, 2018

NOTE 3: PROPERTY, FURNITURE, EQUIPMENT and LEASEHOLDS

Property, furniture, equipment and leaseholds at June 30, 2018 consisted of the following:

Land	\$	2,923,792
Building and improvements		3,876,208
Property		6,800,000
Furniture and equipment		113,394
Other improvements		41,524
Software		53,821
Total cost		7,008,739
Less: Accumulated depreciation		652,771
	\$	6,355,968

Depreciation expense for the years ended June 30, 2018 was \$108,949.

NOTE 4: LOAN – RELATED PARTY

During the year ended June 30, 2018 the President provided CENTER noninterest bearing advances, payable upon demand which totaled \$180,075, of which, \$103,875 was repaid and \$22,000 forgiven. As of June 30, 2018 the balance owed was \$69,000.

NOTE 5: IN-KIND TRANSACTIONS:

During the year ended June 30, 2018 CENTER recognized in-kind services as revenue and also as charges to the following expenses:

		In-kind portion		Total functional expense
Staff - Payroll	\$	68,092	\$	1,070,191

FLINTRIDGE CENTER
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Notes to Financial Statements
For the Year Ended June 30, 2018

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

The activity in grant awards with temporary restrictions were as follows for the year ended June 30, 2018:

<u>Description</u>	<u>Grant Amount</u>	
	<u>Award</u>	<u>Released</u>
Computer equipment purchases	\$ -	\$ 25,099
Stipends – nonprofit groups	-	10,000
Foundation contributions – program restrictions	50,000	-
Government grants – program restrictions	950,753	743,588
	<u>\$ 1,000,753</u>	<u>\$ 778,687</u>

At June 30, 2018 temporarily restricted net assets of \$482,757(See Note 2) consisted of \$50,000 in cash and \$432,756 of grants receivable.

NOTE 7: RENTAL PROPERTY INCOME

During the year ended June 30, 2018 CENTER realized rental revenues of \$325,388 while incurring costs of \$374,651 which included \$103,952 in depreciation.

Real property costs for the year ended June 30, 2018 consisted of the following:

Depreciation	\$ 103,952
Real estate taxes	65,354
Utilities	60,399
Repairs and maintenance	46,973
Management fee	30,355
Staff wages and benefits	29,811
Insurance	24,176
Other	6,913
Cleaning and janitorial	4,650
Security and other services	2,068
Total rental property costs	<u>\$ 374,651</u>

FLINTRIDGE CENTER
(A California Nonprofit Corporation)
Notes to Financial Statements
For the Year Ended June 30, 2018

NOTE 8: RELATED PARTY TRANSACTIONS

CENTER engaged J. L. Moseley Company, Inc. a property management company (“Property Manager”) to provide property management service. This company is owned by the Foundation’s President. The Property Manager was selected because (1) the commercial real estate management and leasing company specializes in commercial real estate in Northwest Pasadena/Altadena; (2) is proactive and visits the site daily; (3) offered a special non-profit rate, with no broker’s leasing fee. During the year ended June 30, 2018 the management fees were approximately \$30,355.

J. L. Moseley Company, Inc. leases a small office suite at full market rate in the Flintridge Center’s building. This arrangement allows Flintridge Center to have on-site management.

As of June 30, 2018 CENTER owed a related party 69,000 (Note 4).

NOTE 9: CONCENTRATIONS

CENTER’s realized approximately 56% of public support and revenue from the State of California and local governments.

NOTE 10: SUBSEQUENT EVENTS

CENTER has evaluated events subsequent to June 30, 2018 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 5, 2018, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.