LACER AFTERSCHOOL PROGRAMS
(a nonprofit organization)

FINANCIAL STATEMENTS

with

Independent Auditor's Report

For the Year Ended December 31, 2018
LACER AFTERSCHOOL PROGRAMS
FINANCIAL STATEMENTS
DECEMBER 31, 2018

TABLE OF CONTENTS

Independent Auditor’s Report 1-2
Statement of Financial Position 3
Statement of Activities 4
Statement of Cash Flows 5
Statement of Functional Expense 6
Notes to Financial Statements 7-12

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards 13-14
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
LACER Afterschool Programs
Los Angeles, California

Report on the Financial Statements
We have audited the accompanying financial statements of LACER Afterschool Programs (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LACER Afterschool Programs as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2019 on our consideration of LACER Afterschool Programs’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LACER Afterschool Programs’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering LACER Afterschool Programs’ internal control over financial reporting and compliance.

Willing and Moser, An Accountancy Corporation
Los Angeles, California
October 21, 2019
LACER AFTERSCHOOL PROGRAMS  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018

**ASSET**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Note 1</td>
<td>$323,261</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>$236,452</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>$3,583</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$563,296</td>
</tr>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net, Note 1 &amp; 2</td>
<td>$50,889</td>
</tr>
<tr>
<td><strong>Total Property and equipment</strong></td>
<td>$50,889</td>
</tr>
<tr>
<td><strong>OTHER ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$662,785</td>
</tr>
</tbody>
</table>

**LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$14,368</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$14,368</td>
</tr>
<tr>
<td><strong>NET ASSETS, Note 1 &amp; 3</strong></td>
<td></td>
</tr>
<tr>
<td>Without Donor Restrictions</td>
<td>$239,772</td>
</tr>
<tr>
<td>With Donor Restrictions, Note 1 &amp; 3</td>
<td>$408,645</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>$648,417</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$662,785</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements and independent auditor's report.
# LACER AFTERSCHOOL PROGRAMS

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

### REVENUE:

<table>
<thead>
<tr>
<th>Source</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal and other government grants, Note 1</td>
<td>$992,408</td>
<td>$0-</td>
<td>$992,408</td>
</tr>
<tr>
<td>Foundations and corporate donors</td>
<td>159,254</td>
<td>120,341</td>
<td>279,595</td>
</tr>
<tr>
<td>Individual donors</td>
<td>1,427</td>
<td>43,700</td>
<td>45,127</td>
</tr>
<tr>
<td>Endowment</td>
<td>2,109</td>
<td>0-</td>
<td>2,109</td>
</tr>
<tr>
<td>Special events</td>
<td>104,915</td>
<td>0-</td>
<td>104,915</td>
</tr>
<tr>
<td>Other revenues</td>
<td>27,341</td>
<td>0-</td>
<td>27,341</td>
</tr>
<tr>
<td>Donated service, Note 1</td>
<td>367,658</td>
<td>0-</td>
<td>367,658</td>
</tr>
<tr>
<td>Interest and investment income</td>
<td>622</td>
<td>0-</td>
<td>622</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions, Note 3</strong></td>
<td><strong>317,814</strong></td>
<td><strong>(317,814)</strong></td>
<td><strong>0-</strong></td>
</tr>
<tr>
<td><strong>Total Revenue and Other Support</strong></td>
<td><strong>$1,973,548</strong></td>
<td><strong>$(153,773)</strong></td>
<td><strong>$1,819,775</strong></td>
</tr>
</tbody>
</table>

### EXPENSES:

<table>
<thead>
<tr>
<th>Expense</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>After-school programs</td>
<td>1,516,852</td>
<td>0-</td>
<td>1,516,852</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>257,779</td>
<td>0-</td>
<td>257,779</td>
</tr>
<tr>
<td>Fund-raising</td>
<td>63,776</td>
<td>0-</td>
<td>63,776</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>1,838,407</strong></td>
<td><strong>0-</strong></td>
<td><strong>1,838,407</strong></td>
</tr>
</tbody>
</table>

Increase (decrease) in net assets          | 135,141                     | (153,773)               | (18,632) |

Net assets, beginning of year                | 104,631                     | 562,418                 | 667,049  |

Net assets, end of year                      | $239,772                    | $408,645                | $648,417 |

See accompanying notes to financial statements and independent auditor’s report.
INCREASE (DECREASE) IN NET ASSETS  
$ (18,632) 

Items not affecting cash 
Depreciation  
15,086 

Decrease (increase) in: 
Grants receivable  
54,248 
Prepaid expenses  
11,601 
Other Asset  
(48,600) 

Increase (decrease) in: 
Accounts payable and accrued expenses  
(16,405) 
Other current liabilities  
(12,342) 

CASH PROVIDED (USED) BY OPERATING ACTIVITIES  
(15,044) 

CASH FLOW FROM INVESTING ACTIVITIES  
Net cash used by investing activities  
-0- 

CASH FLOW FROM FINANCING ACTIVITIES  
Net cash used by financing activities  
-0- 

DECREASE IN CASH  
(15,044) 
Cash and cash equivalents, beginning of period  
338,305 
Cash and cash equivalents, ending of period  
$ 323,261 

See accompanying notes to financial statements and independent auditor's report.
# LACER AFTERSCHOOL PROGRAMS
## STATEMENT OF FUNCTIONAL EXPENSE
### FOR THE YEAR ENDED DECEMBER 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>After-School Programs</th>
<th>General and Administrative</th>
<th>Fund-raising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>$ 874,035</td>
<td>$ 191,010</td>
<td>$</td>
<td>$ 1,065,045</td>
</tr>
<tr>
<td>Payroll service cost</td>
<td>-</td>
<td>476</td>
<td>-</td>
<td>476</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>80,520</td>
<td>18,887</td>
<td>-</td>
<td>99,407</td>
</tr>
<tr>
<td>Workers compensation insurance</td>
<td>17,374</td>
<td>-</td>
<td>-</td>
<td>17,374</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>43,057</td>
<td>15,925</td>
<td>-</td>
<td>58,982</td>
</tr>
<tr>
<td>Insurance expenses</td>
<td>16,261</td>
<td>3,569</td>
<td>-</td>
<td>19,830</td>
</tr>
<tr>
<td>In-kind Program Cost</td>
<td>367,658</td>
<td>-</td>
<td>-</td>
<td>367,658</td>
</tr>
<tr>
<td>Vehicle expense</td>
<td>1,608</td>
<td>24</td>
<td>-</td>
<td>1,632</td>
</tr>
<tr>
<td>Educational supplies &amp; Program Costs</td>
<td>69,868</td>
<td>2,536</td>
<td>1,470</td>
<td>73,874</td>
</tr>
<tr>
<td>Field trips (Note 1)</td>
<td>6,124</td>
<td>-</td>
<td>-</td>
<td>6,124</td>
</tr>
<tr>
<td>Fundraising Expenses</td>
<td>183</td>
<td>180</td>
<td>17,811</td>
<td>18,174</td>
</tr>
<tr>
<td>License and subscription</td>
<td>1,921</td>
<td>344</td>
<td>602</td>
<td>2,867</td>
</tr>
<tr>
<td>Professional fees</td>
<td>2,740</td>
<td>5,500</td>
<td>42,291</td>
<td>50,531</td>
</tr>
<tr>
<td>Office supplies</td>
<td>7,623</td>
<td>3,689</td>
<td>-</td>
<td>11,312</td>
</tr>
<tr>
<td>Computer repairs and software</td>
<td>1,804</td>
<td>1,733</td>
<td>-</td>
<td>3,537</td>
</tr>
<tr>
<td>Bank charges</td>
<td>-</td>
<td>484</td>
<td>1,309</td>
<td>1,793</td>
</tr>
<tr>
<td>Rent</td>
<td>7,458</td>
<td>12,011</td>
<td>-</td>
<td>19,469</td>
</tr>
<tr>
<td>Telephone</td>
<td>3,369</td>
<td>1,346</td>
<td>279</td>
<td>4,994</td>
</tr>
<tr>
<td>Printing</td>
<td>163</td>
<td>65</td>
<td>14</td>
<td>242</td>
</tr>
<tr>
<td></td>
<td>1,501,766</td>
<td>257,779</td>
<td>63,776</td>
<td>1,823,321</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>15,086</td>
<td>-</td>
<td>-</td>
<td>15,086</td>
</tr>
<tr>
<td></td>
<td>$ 1,516,852</td>
<td>$ 257,779</td>
<td>$ 63,776</td>
<td>$ 1,838,407</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements and independent auditor’s report.
NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

LACER Afterschool Programs (the "Organization") is a California public benefit corporation organized in 1984. In 2004, the Organization changed its name from Los Angeles Center for Education Research. The Organization’s primary activity is providing after-school literacy and arts based programs at four public middle schools and two public high schools in the Los Angeles Unified School District.

Basic of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restriction - 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 Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the Organization considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.
NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Property, Equipment and Depreciation

Property and equipment are carried at cost. Depreciation is provided using straight-line methods over estimated useful lives of the respective assets. When assets are retired, or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of repairs and maintenance is charged to operations as incurred while significant improvements and betterments are capitalized. Estimated useful lives for vehicle and equipment are five years.

Revenue Recognition

Revenue on attendance based contracts is recognized as earned under the contract terms. Grant revenues received in advance are deferred and recognized when earned. All other grants and donations are recognized at the net realizable value at the time the right to the donation becomes unconditional.

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Income Taxes

The Organization has been granted tax exemption status as provided under Section 501(c)(3) of the Internal Revenue Code. The Organization has also received a ruling that it is not a private foundation.

The organization’s Federal Exempt Organization Business Income Tax Return (Form 990) for the tax year ended December 31, 2013 and later are subject to examination by the taxing authorities.

Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.
NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Donated Property and Services

The Organization records donated property and equipment at estimated fair market value on the date donated. Services donated by volunteers are recorded as revenues and expense if the services require specialized skills and would otherwise be purchased by the Organization. Donated services recognized in the year ended December 31, 2018, were, $11,040 for computer expenses; $350,118 for program cost; and $6,500 for legal fees. During the year ended December 31, 2018, a couple of volunteers provided services that are essential to the operation of the organization but which are not recognizable under generally accepted accounting principles.

The Los Angeles Unified School District provides the use of school facilities without charge. The value of services have not been recognized in the financial statements.

Functional Expenses

Expenses have been charged directly to program or general and administrative categories based on specific identification. Indirect expenses have been allocated among the programs and supporting services benefitted.

The expenses that are allocated include the following:

<table>
<thead>
<tr>
<th>Expense</th>
<th>Method of Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>Time and Effort</td>
</tr>
<tr>
<td>Occupancy</td>
<td>Square Footage</td>
</tr>
<tr>
<td>Education</td>
<td>Time and effort</td>
</tr>
<tr>
<td>Professional Services</td>
<td>Full Time Equivalent</td>
</tr>
<tr>
<td>Depreciation</td>
<td>Full Time Equivalent</td>
</tr>
<tr>
<td>In-Kind Program Expense</td>
<td>Time and Effort</td>
</tr>
<tr>
<td>Other</td>
<td>Time and Effort</td>
</tr>
</tbody>
</table>

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (topic 958)-Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Lacer Afterschool Programs has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.
NOTE 2-PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

- Office and program equipment $231,302
- Vehicles $44,139
- Accumulated depreciation $(224,552)

Total $50,889

The depreciation expense for the year ended December 31, 2018, is $15,086.

NOTE 3-TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2018 net assets with donor restriction consists primarily of funds earmarked for various programs. The restrictions should be released in 2019 as expenses are incurred for the various programs.

Net assets with donor restrictions are available for the following purpose:

- Adams Mostrovich Family Foundation $9,122
- Brian Rosenstein 1,000
- Barbara Ross 5,000
- Clippers 18-19 6,000
- College & Health Career Planning 18-19 11,000
- Daddario Foundation 2,000
- Dee May 75,000
- Dick Seymour Arts Fund 2,190
- Disney 17-18 6,275
- Dwight Stuart Youth 17 4,059
- Ferrel Paulin Fam Foundation 4,356
- Global Sports 18-19 10,000
- Individual Donation 15,822
- Just Keep Living Foundation 7,054
- King Drill 2,621
- LA Times Foundation 17-18 10,269
- Leron Event 2,969
- May 17-18 Fund Arts 11,619
- May Arts Stars 2018 51,575
- Nyla Arslanian 150
- Sports 4 Life 17-18 4,898
- Sports 4 Life 18-19 3,992
- Student Stores 4,625
- Thad Art 285
- Thelma Pearl 2017 10,524
- Thelma Pearl 2018-19 25,000
- Tod Shiffman 12,500
- United Way 17-18 5,947
- US Bank 2018 4,258
LACER AFTERSCHOOL PROGRAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Weingart
Sustainer-Endowment

Total temporarily restricted net assets $408,645

Net assets were released from time restrictions specified by donors as follows:

Time restrictions expired

Afterschool Program $317,814
Total restrictions released $317,814

NOTE 4-LINE OF CREDIT

The Organization has a line of credit account with U.S. Bank. The line bears
interest at 5.25% and the maximum that can be borrowed under the line is
$100,000. The line is unsecured and had a balance of $0 as of December 31,
2018.

NOTE 5-CONCENTRATION OF REVENUE SOURCES

The Organization receives a substantial portion of its grant support from a
small number of governmental agencies and a substantial portion of its special
event income from a single event.

NOTE 6-CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in one financial institution
located in Los Angeles, California. The balances at the financial institution
are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.
At December 31, 2018, the Organization had no uninsured cash balances.

Note 7-LIQUIDITY

Lacer Afterschool Programs’s financial assets available within one year of the
balance sheet date for general expenditures are as follows:

Cash and cash equivalents $ 323,261
Grants Receivable 236,452
Prepaid Expenses 3,583
Other Assets 48,600
$ 611,896

LACER Afterschool financial assets have been reduced by amounts not available
for general use because of donor imposed restrictions within one year of the
balance sheet date. At December 31, 2018 there were no assets not available
within one year.
NOTE 8–SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 21, 2019, the date on which the financial statements were available to be issued.
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
LACER Afterschool Programs
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of LACER Afterschool Programs (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LACER Afterschool Programs' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LACER Afterschool Programs' internal control. Accordingly, we do not express an opinion on the effectiveness of LACER Afterschool Programs' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether LACER Afterschool Programs' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Willing and Moser, An Accountancy Corporation
Los Angeles, California
October 21, 2019