

HELPLINE YOUTH COUNSELING, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018



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**HELPLINE YOUTH COUNSELING, INC.
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YEARS ENDED JUNE 30, 2019 AND 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Helpline Youth Counseling, Inc.
Whittier, California

We have audited the accompanying financial statements of Helpline Youth Counseling, Inc. (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2019, 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.

Board of Directors
Helpline Youth Counseling, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Helpline Youth Counseling, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2018 financial statements of Helpline Youth Counseling, Inc. were audited by other auditors whose report dated December 20, 2018, expressed an unmodified opinion on those statements.

Emphasis of Matter—Change in Accounting Principle

As discussed in Note 2 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Nonprofit Entities*. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Pasadena, California
December 23, 2019

HELPLINE YOUTH COUNSELING, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 465,399	\$ 434,558
Operating Reserve - Cash	162,763	170,509
Accounts Receivable, Net of Allowance of \$54,713 in 2019 and \$62,522 in 2018	1,104,745	1,012,443
Contributions Receivable	185,000	39,506
Prepaid Expenses and Other Assets	32,965	28,618
Total Current Assets	1,950,872	1,685,634
NONCURRENT ASSETS		
Deposits	11,302	30,380
Property and Equipment, Net	112,480	42,904
Total Noncurrent Assets	123,782	73,284
Total Assets	\$ 2,074,654	\$ 1,758,918
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 70,108	\$ 76,669
Accrued Expenses	443,282	404,112
Contract Advances	118,976	24,190
Total Current Liabilities	632,366	504,971
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without Donor Restrictions	935,852	925,214
With Donor Restrictions	506,436	328,733
Total Net Assets	1,442,288	1,253,947
Total Liabilities and Net Assets	\$ 2,074,654	\$ 1,758,918

See accompanying Notes to Financial Statements.

HELPLINE YOUTH COUNSELING, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Grants and Contributions	\$ 64,176	\$ 600,900	\$ 665,076
Fundraising Events	34,982	-	34,982
Revenue:			
Governmental Service Contracts	5,804,120	-	5,804,120
Management Fees	276,000	-	276,000
Client Fees	60,949	-	60,949
Interest Income	528	-	528
Miscellaneous	529	-	529
Net Assets Released from Restriction	423,197	(423,197)	-
Total Support and Revenue	6,664,481	177,703	6,842,184
 EXPENSES			
Program Services	5,655,759	-	5,655,759
Support Services	775,465	-	775,465
Fundraising and Donations	222,619	-	222,619
Total Expenses	6,653,843	-	6,653,843
 CHANGE IN NET ASSETS	10,638	177,703	188,341
Net Assets - Beginning of Year	925,214	328,733	1,253,947
 NET ASSETS - END OF YEAR	\$ 935,852	\$ 506,436	\$ 1,442,288

See accompanying Notes to Financial Statements.

HELPLINE YOUTH COUNSELING, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Grants and Contributions	\$ 45,806	\$ 451,775	\$ 497,581
Fundraising Events	31,670	-	31,670
In-Kind Contributions	7,995	-	7,995
Revenue:			
Governmental Service Contracts	4,708,884	-	4,708,884
Management Fees	276,000	-	276,000
Client Fees	70,270	-	70,270
Interest Income	497	-	497
Miscellaneous	494	-	494
Net Assets Released from Restriction	375,088	(375,088)	-
Total Support and Revenue	5,516,704	76,687	5,593,391
 EXPENSES			
Program Services	4,998,909	-	4,998,909
Support Services	380,753	-	380,753
Fundraising and Donations	113,556	-	113,556
Total Expenses	5,493,218	-	5,493,218
 CHANGE IN NET ASSETS	23,486	76,687	100,173
Net Assets - Beginning of Year	901,728	252,046	1,153,774
 NET ASSETS - END OF YEAR	\$ 925,214	\$ 328,733	\$ 1,253,947

See accompanying Notes to Financial Statements.

HELPLINE YOUTH COUNSELING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Other Related Expenses:				
Salaries	\$ 3,864,839	\$ 531,996	\$ 149,982	\$ 4,546,817
Payroll Taxes	338,209	46,554	13,125	397,888
Employee Benefits	281,163	38,702	10,911	330,776
Total Salaries and Other Related Expenses	<u>4,484,211</u>	<u>617,252</u>	<u>174,018</u>	<u>5,275,481</u>
Other Expenses:				
Audit and Accounting	11,354	1,563	441	13,358
Bank Service Charges	3,673	506	143	4,322
Consultant	213,809	29,431	8,297	251,537
Employee Mileage	80,791	11,121	3,135	95,047
Equipment and Furniture	49,981	6,880	1,940	58,801
Fundraising Expenses	-	-	10,932	10,932
Insurance Expense	42,993	5,918	1,668	50,579
Interest Expense	-	337	-	337
Office Supplies	52,602	7,241	2,041	61,884
Other Expenses	11,023	1,517	428	12,968
Postage	3,284	452	127	3,863
Printing and Recruitment	6,516	897	253	7,666
Program Expenses	263,019	14,421	2,412	279,852
Rent	250,258	34,448	9,712	294,418
Taxes and Licenses	4,986	686	193	5,865
Telecommunications	47,150	6,490	1,830	55,470
Training	32,812	4,517	1,273	38,602
Utilities	97,297	13,398	3,776	114,471
Total Other Expenses	<u>1,171,548</u>	<u>139,823</u>	<u>48,601</u>	<u>1,359,972</u>
Total Expenses Before Depreciation	5,655,759	757,075	222,619	6,635,453
Depreciation	<u>-</u>	<u>18,390</u>	<u>-</u>	<u>18,390</u>
Total Expenses	<u>\$ 5,655,759</u>	<u>\$ 775,465</u>	<u>\$ 222,619</u>	<u>\$ 6,653,843</u>

See accompanying Notes to Financial Statements.

**HELPLINE YOUTH COUNSELING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018**

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Other Related Expenses:				
Salaries	\$ 3,465,027	\$ 274,885	\$ 82,292	\$ 3,822,204
Payroll Taxes	310,007	24,732	7,368	342,107
Employee Benefits	212,146	20,348	5,096	237,590
Total Salaries and Other Related Expenses	3,987,180	319,965	94,756	4,401,901
Other Expenses:				
Audit and Accounting	12,322	712	266	13,300
Auto Report, Gas, and Employee Mileage	58,606	538	270	59,414
Bank Service Charges	2,321	382	-	2,703
Consultant	140,539	15,352	3,791	159,682
Drug Testing	1,920	-	-	1,920
Education and Training	21,635	4,017	-	25,652
Fundraising Expenses	-	-	8,891	8,891
In-Kind Services	7,995	-	-	7,995
Insurance Expense	39,114	2,738	-	41,852
Interest Expense	-	50	-	50
Occupancy Expenses	235,925	6,593	2,447	244,965
Office Equipment and Computer Expense	42,771	7,183	-	49,954
Office Supplies	54,377	3,417	1,789	59,583
Other Expenses	10,988	1,225	-	12,213
Postage and Shipping	3,017	159	276	3,452
Printing and Recruitment	6,051	771	211	7,033
Program Expenses	211,655	7,603	174	219,432
Taxes and Licenses	9,225	558	-	9,783
Telephone	32,812	753	685	34,250
Utilities	120,456	-	-	120,456
Total Other Expenses	1,011,729	52,051	18,800	1,082,580
Total Expenses Before Depreciation	4,998,909	372,016	113,556	5,484,481
Depreciation	-	8,737	-	8,737
Total Expenses	<u>\$ 4,998,909</u>	<u>\$ 380,753</u>	<u>\$ 113,556</u>	<u>\$ 5,493,218</u>

See accompanying Notes to Financial Statements.

**HELPLINE YOUTH COUNSELING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 188,341	\$ 100,173
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	18,390	8,737
Change in Assets:		
Accounts Receivable, Net	(92,302)	(228,033)
Contributions Receivable	(145,494)	15,494
Prepaid Expenses and Other Assets	(4,347)	(13,888)
Deposits	19,078	(14,028)
Change in Liabilities:		
Accounts Payable	(6,561)	56,908
Accrued Expenses	39,170	91,270
Contract Advances	94,786	(565)
Net Cash Provided by Operating Activities	111,061	16,068
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(87,966)	(39,616)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	23,095	(23,548)
 Cash and Cash Equivalents - Beginning of Year	605,067	628,615
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 628,162	\$ 605,067
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
In-Kind Contributions	\$ -	\$ 7,995

See accompanying Notes to Financial Statements.

**HELPLINE YOUTH COUNSELING, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

NOTE 1 ORGANIZATION

Helpline Youth Counseling, Inc. (the Organization) was incorporated pursuant to the general nonprofit corporation laws of California and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and state income taxes under Section 23701d of the California Franchise Tax Board.

Helpline Youth Counseling, Inc. provides a comprehensive continuum of counseling, education, prevention, intervention, economic development, and community organizing programs to at-risk, low-income children, youth, and families with a focus on reducing child abuse and neglect, family and domestic violence, juvenile delinquency, substance abuse, and the onset of mental health issues while at the same time building protective factors within families and improving individual and family well-being. To achieve this purpose, the Organization works to improve or influence the effectiveness of (1) the family unit through intensive case management, youth and family counseling, group counseling, and supportive services including parent effectiveness training workshops, conflict resolution training, and assistance with accessing affordable healthcare; (2) community systems through counseling, education, and supportive services for at-risk youth in local elementary, middle, and high schools; (3) coping mechanisms through crisis intervention, substance abuse prevention and intervention programs, and therapy designed to address the trauma histories and issues of clients; (4) the juvenile justice system by taking referrals of delinquent and gang-involved youth from probation officers and law enforcement personnel and operating a combined academic and therapeutic day treatment program for high school age students who are on probation; (5) the caring environment through community organizing and civic engagement activities, youth and adult life skills training, community education, health and wellness education, participatory recreation programs, and mentoring; (6) the social service systems for the protection of children and youth from neglect, abuse, and exploitation; and (7) the network of community human service agencies by providing information and referrals. The Organization's primary services are in Southeast Los Angeles County, Long Beach, and Norwalk, with its headquarters office in Unincorporated South Whittier. The Organization primarily operates under grant agreements from federal, state, county, and city agencies, and school districts, as well as grants and contributions from foundations, corporations, and individuals.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting to conform to generally accepted accounting principles in the United States of America (GAAP) as applicable to non-profit entities. Net assets, 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 have been classified and are reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Property and Equipment

Property and equipment are recorded at cost, or, if donated, at their fair market value at the date of donation. The Organization capitalizes property and equipment purchases of \$5,000 or more. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Useful Life</u>
Office Furniture	7 years
Office Equipment	3 - 7 years
Leasehold Improvements	3 years
Vehicles	5 years

Depreciation expense amounted to \$18,390 and \$8,737 for the years ended June 30, 2019 and 2018.

**HELPLINE YOUTH COUNSELING, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

Functional Expense Allocations

The costs of program and supporting services activities have been summarized on a functional basis in the statement of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. The functional allocation of expenses shared between program, management and general, and fundraising is based on a reasonable and consistent basis using factors such as direct payroll allocation and total direct expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash in checking, savings and money market accounts.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Operating Reserve

Operating reserves are cash with board designations. Funds are only to be withdrawn in the event of an emergency cash flow need that cannot be remedied with the agency's existing line of credit. Funds are to be withdrawn on a temporary basis and are to be replenished as soon as possible, not to exceed 90 days after the withdrawal.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2018 summarized totals have been reclassified to conform to the 2019 reporting format.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk are cash and cash equivalents, investments, and receivables. A significant portion of the Organization's cash is held in various banks and, at times, exceeds the Federal Deposit Insurance Corporation statutory limits. The Organization's investments are comprised of treasury bills.

Accounts receivable at June 30, 2019 and 2018 are primarily due from governmental entities. For the year ended June 30, 2019, two donors accounted for 43% of total grants and contributions. As of June 30, 2019 and 2018, three donors and one donor accounted for 100% and 89% of total contributions receivables, respectively. As of June 30, 2019 and 2018, one entity and two entities accounted for 26% and 45 % of total accounts receivables. For the years end June 30, 2019 and 2018, three entities and two entities account for 48% and 33% of governmental service contracts, respectively.

New Accounting Pronouncements Adopted During the Year

The Organization changed accounting policies related to presentation of financial statements by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, in fiscal year 2019. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used.

New Accounting Pronouncements Effective in Future Accounting Periods

ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. It is effective for fiscal years beginning after December 15, 2018.

ASU 2018-08 Not-For-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions received, the effective date is for annual periods beginning after December 15, 2018; for contributions made, the effective date is for annual periods beginning after December 15, 2019.

ASU 2016-02 Leases (Topic 842). This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. It is effective for fiscal year beginning after December 15, 2020.

Management will be evaluating the effects of these new standards.

**HELPLINE YOUTH COUNSELING, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2019	2018
Cash and Cash Equivalents	\$ 465,399	\$ 434,558
Accounts Receivable	1,104,745	1,012,443
Contributions Receivable	185,000	39,506
Total	<u>1,755,144</u>	<u>1,486,507</u>
Less: Donor Restricted Assets	(506,436)	(328,733)
Total for General Expenditures	<u>\$ 1,248,708</u>	<u>\$ 1,157,774</u>

As part of its liquidity management plan, the organization monitors cash flows required to meet operating needs on a monthly basis and structures financial assets to be available as general expenditures, liabilities, and other obligations come due. The Organization maintains a line of credit, further described in Note 8. As of June 30, 2019, the line of credit's balance was zero. Further, the Organization has board designated operating reserves, which can be used for general expenditures if necessary. As of June 30, 2019, the operating reserves had a balance of \$162,763.

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable of \$185,000 were expected to be collected during the year ending June 30, 2020.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2019 and 2018:

	2019	2018
Office Furniture	\$ 14,309	\$ 14,309
Office Equipment	87,417	40,039
Leasehold Improvements	6,092	6,092
Vehicles	114,504	73,699
Total	<u>222,322</u>	<u>134,139</u>
Less: Accumulated Depreciation	(109,842)	(91,235)
Property and Equipment, Net	<u>\$ 112,480</u>	<u>\$ 42,904</u>

**HELPLINE YOUTH COUNSELING, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

NOTE 6 ACCRUED EXPENSES

Accrued expenses consists of the following at June 30, 2019 and 2018:

	2019	2018
Payroll and Payroll Taxes	\$ 230,399	\$ 188,144
Vacation	147,510	143,752
Other Accrued Expenses	65,373	72,216
Total Accrued Expenses	\$ 443,282	\$ 404,112

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	2019	2018
Subject to Expenditure for Specified Purpose:		
Liberty Community Plaza	\$ 240,844	\$ 203,052
Drug Medi-Cal	100,000	-
Community Organizing	65,276	358
Promotora	24,808	-
Homeless Service	23,882	-
Empowerment	21,808	-
Endowment	20,000	-
Domestic Violence Programs	9,818	27,996
Management/Development/Technology	-	70,000
Vision Learning Center	-	14,155
Software and Technology	-	13,172
Total Net Assets with Donor Restrictions	\$ 506,436	\$ 328,733

**HELPLINE YOUTH COUNSELING, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During the years ended June 30, 2019 and 2018, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2019	2018
Subject to Expenditure for Specified Purpose:		
Drug Medi-Cal	\$ 100,000	\$ -
Management/Development/Technology	70,000	130,000
Domestic Violence Programs	53,178	45,003
Van	42,100	-
Community Organizing	35,082	59,342
Empowerment	28,192	-
Family Services	20,000	19,000
Community Health	20,000	-
Promotora	15,192	-
Vision Learning Center	14,155	24,845
Software and Technology	13,172	21,828
Homeless Service	6,118	-
Community Program	4,500	-
Liberty Community Plaza	1,508	-
Healthcare	-	40,000
Gang Intervention & At-Risk Youth	-	24,375
Other	-	4,950
Substance Use Disorder Services	-	3,000
Community Helpline	-	2,000
Golf Tournament	-	745
Total	\$ 423,197	\$ 375,088

NOTE 8 BANK LINE OF CREDIT

The Organization has a bank revolving line of credit agreement which allows for maximum borrowings of \$250,000, bearing interest at Farmer's & Merchant Bank's prime rate plus 1% per annum, which was 5% at June 30, 2019 and 2018. The agreement matures February 28, 2020, and is expected to be renewed at similar terms. As of June 30, 2019 and 2018, no amounts were outstanding on the line of credit.

NOTE 9 RETIREMENT PLAN

The Organization has established a retirement plan for qualified employees under the provisions of IRC Section 403(b). Employees may begin elective contributions after 90 days of service. The Organization is not required to and does not match the contributions.

**HELPLINE YOUTH COUNSELING, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

NOTE 10 CONTRACTS WITH COUNTY OF LOS ANGELES

The Organization has contracts with the County of Los Angeles to provide services related to child abuse prevention and intervention, gang prevention and intervention, juvenile delinquency prevention, substance abuse prevention and treatment, and mental health treatment.

The contracts were renewed for two to five-year terms and require the Organization to disburse the funds received from the County for direct and indirect expenses of the program. The revenues and expenses related to these contracts are included in the accompanying statements of functional expenses.

The Organization also entered into a lease and operating agreement with the County of Los Angeles, to occupy a portion of the space as a tenant and perform the duties of manager for the community center portion.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Government Contracts

Costs claimed under certain grants and contracts from governmental sources may be subject to disallowance upon final audit by such funding agencies.

Leases

The Organization leases office and service facilities under several operating leases with terms expiring at various dates through October 31, 2020. The leases contain operating cost increases over their terms.

The Organization moved its corporate office to Liberty Community Plaza, located at 14181 Telegraph Road in Unincorporated South Whittier in June 2015. The terms of the lease and operating agreement are for an initial five-year term with a five-year extension option. Under the terms of the Organization's lease and operating agreement with the County of Los Angeles, the Organization does not pay rent; instead, the Organization is responsible for utilities, general repairs and maintenance, and managing the entire property. The County of Los Angeles pays \$23,000 a month towards the operating expenses of its building, whereas the remainder of expenses are paid by the Organization in lieu of rent. The Organization estimates that its share of the operating expenses approximates the fair value of rent.

The Organization entered into a two-year term for an office lease in Norwalk, effective July 1, 2018, to expand its rentable square feet to 4,375. The lease term ends on June 30, 2020. Monthly rent is \$5,688 and increases at 4% annually.

The Organization entered into a three-year lease for office space in Los Angeles effective, June 1, 2017 through May 31, 2020. The initial rent is \$2,400 per month with a 3% increase annually over the term of the lease.

The Organization also entered into a lease for office space in Long Beach effective November 1, 2018 through October 31, 2020, with another two-year option with a 3% increase in the base rent. The initial rent is \$2,750 per month for the first year, increased to \$2,832 per month through the initial term of the lease.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Leases (Continued)

Rent expense for the facilities for the years ended June 30, 2019 and 2018 was \$294,418 and \$244,965, respectively.

The future minimum obligations under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 135,492
2021	11,330
Total	<u>\$ 146,822</u>

NOTE 12 INCOME TAXES

The Organization has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and California under Revenue and Taxation Code Section 23701(d), respectively.

Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization returns are more likely than not to be sustained upon examination.

NOTE 13 SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 23, 2019, the date that the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.

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