Wise & Healthy Aging

FINANCIAL REPORT
JUNE 30, 2023

CONTENTS

SingerLewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
WISE & Healthy Aging

Opinion

We have audited the financial statements of WISE & Healthy Aging (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization has elected to change its method of accounting for adoption of ASC Topic 842, *Leases*, effective July 1, 2022. Our opinion is not modified with respect to this matter.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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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 and *Government 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 and *Government 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 the Organization’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 the Organization’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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, on our consideration of the Organization's 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 solely 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Singer Lewak LLP

March 22, 2024

WISE & HEALTHY AGING

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS

	2023	2022
Current Assets		
Cash and cash equivalents	$ 627,908	$ 720,379
Operating Investments	11,353,869	10,952,791
Grants and contributions receivable	691,908	933,535
Accounts receivable, net	112,823	81,480
Prepaid expenses and other assets	127,638	187,767
Total current assets	12,914,146	12,875,952
Financing lease, right-of-use asset	63,302	-
Operating lease, right-of-use asset	630,580	-
Equipment and leasehold improvements, net	81,367	108,981
Endowment investments	2,353,809	2,199,807
Total assets	**$ 16,043,204**	**$ 15,184,740**

LIABILITIES AND NET ASSETS

	2023	2022
Current liabilities		
Line of credit	$ 450,000	$ 200,000
Accounts payable and accrued expenses	883,470	880,529
Deferred revenue and other liabilities	7,631	117,236
Financing lease obligations, current	13,321	-
Operating lease obligations, current	211,366	-
Total current liabilities	1,565,788	1,197,765
Financing lease obligations, noncurrent	50,120	-
Operating lease obligations, noncurrent	439,495	-
Total liabilities	2,055,403	-
Net assets		
Without donor restrictions	11,416,853	11,417,752
With donor restrictions	2,570,948	2,569,223
Total net assets	13,987,801	13,986,975
Total liabilities and net assets	**$ 16,043,204**	**$ 15,184,740**

See notes to financial statements.

WISE & HEALTHY AGING
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Government agencies	$ 5,922,229	$ -	$ 5,922,229
Program service fees	1,068,959	-	1,068,959
Grants and contributions	245,622	330,000	575,622
Donated services and in-kind rent	1,987,525	-	1,987,525
Net investment income	847,376	186,003	1,033,379
Net assets released from restrictions	514,278	(514,278)	-
Total revenue and support	10,585,989	1,725	10,587,714
Expenses			
Program services	9,229,996	-	9,229,996
General and administrative	1,356,892	-	1,356,892
Total expenses	10,586,888	-	10,586,888
Change in net assets	(899)	1,725	826
Net assets, beginning	11,417,752	2,569,223	13,986,975
Net assets, ending	**$ 11,416,853**	**$ 2,570,948**	**$ 13,987,801**

See notes to financial statements.

WISE & HEALTHY AGING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Government agencies	$ 5,551,049	$ -	$ 5,551,049
Program income	784,095	-	784,095
Grants and contributions	513,699	379,071	892,770
Donated services and in-kind rent	1,389,702	-	1,389,702
Gain on forgiveness of PPP loan	605,736	-	605,736
Net investment loss	(1,528,661)	(227,286)	(1,755,947)
Net assets released from restrictions	530,054	(530,054)	-
Total revenue and support	7,845,674	(378,269)	7,467,405
Expenses			
Program services	7,935,472	-	7,935,472
General and administrative	1,406,098	-	1,406,098
Total expenses	9,341,570	-	9,341,570
Change in net assets	(1,495,896)	(378,269)	(1,874,165)
Net assets, beginning	12,913,648	2,947,492	15,861,140
Net assets, ending	**$ 11,417,752**	**$ 2,569,223**	**$ 13,986,975**

See notes to financial statements.

WISE & HEALTHY AGING
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program Services					
	Senior Centers	Senior Services	Advocacy and Training	Total	General and Administrative	Total
Salaries, taxes, and benefits	$ 912,179	$ 1,060,647	$ 3,417,513	$ 5,390,339	$ 904,682	$ 6,295,021
Professional fees and services	350,357	309,316	260,359	920,032	35,184	955,216
Supplies	19,124	14,603	47,888	81,615	13,030	94,645
Phone	17,433	16,406	159,534	193,373	1,450	194,823
Postage	2,322	2,468	2,840	7,630	1,718	9,348
Building occupancy	82,378	74,318	279,937	436,633	29,504	466,137
Equipment, repairs and maintenance	1,191	13,848	71,480	86,519	64,391	150,910
Travel	2,847	5,308	56,269	64,424	169	64,593
Printing and duplication	8,785	10,882	21,580	41,247	3,745	44,992
Employee development	2,569	1,213	3,738	7,520	3,909	11,429
Insurance	14,739	16,287	57,748	88,774	8,083	96,857
Volunteer	3,206	3,192	-	6,398	315	6,713
Contributed services	155,106	103,297	261,169	519,572	-	519,572
Contributed use of space	624,177	434,429	187,702	1,246,308	221,645	1,467,953
Depreciation and amortization	9,795	9,174	3,964	22,933	4,680	27,613
Interest	-	-	-	-	34,877	34,877
Other	32,621	17,352	66,706	116,679	29,510	146,189
Total expenses by function	**$ 2,238,829**	**$ 2,092,740**	**$ 4,898,427**	**$ 9,229,996**	**$ 1,356,892**	**$ 10,586,888**

See notes to financial statements.

WISE & HEALTHY AGING

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Program Services					
	Senior Centers	Senior Services	Advocacy and Training	Total	General and Administrative	Total
Salaries, taxes, and benefits	$ 726,997	$ 910,019	$ 3,290,098	$ 4,927,114	$ 865,111	$ 5,792,225
Professional fees and services	120,210	317,536	200,069	637,815	93,923	731,738
Supplies	14,082	49,047	98,707	161,836	32,360	194,196
Phone	14,117	15,237	120,347	149,701	3,375	153,076
Postage	2,456	3,709	2,339	8,504	252	8,756
Building occupancy	66,553	35,935	232,369	334,857	12,317	347,174
Equipment, repairs and maintenance	37,657	62,198	26,468	126,323	104,751	231,074
Travel	401	4,383	35,268	40,052	-	40,052
Printing and duplication	6,335	2,907	3,696	12,938	180	13,118
Employee development	1,195	1,155	10,201	12,551	46,734	59,285
Insurance	12,550	12,545	47,648	72,743	496	73,239
Volunteer	1,511	-	-	1,511	1,713	3,224
Contributed services	139,643	73,357	214,503	427,503	-	427,503
Contributed use of space	652,754	75,707	113,396	841,857	120,342	962,199
Depreciation and amortization	20,942	3,837	5,747	30,526	6,098	36,624
Interest	-	-	-	-	18,731	18,731
Other	25,575	36,061	88,005	149,641	99,715	249,356
Total expenses by function	**$ 1,842,978**	**$ 1,603,633**	**$ 4,488,861**	**$ 7,935,472**	**$ 1,406,098**	**$ 9,341,570**

See notes to financial statements.

WISE & HEALTHY AGING
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 826	$ (1,874,165)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	27,614	36,624
Realized and unrealized (gains) losses on operating investments	(564,109)	1,946,154
Endowment net investment (return) loss	(186,002)	223,214
Provision for doubtful accounts	-	(23,901)
Forgiveness of PPP loan	-	(605,736)
Amortization of finance lease	2,450	-
Changes in operating assets and liabilities:		
Grants and contributions receivable	241,627	(166,223)
Accounts receivable	(31,343)	16,138
Prepaid expenses and other assets	60,129	(142,544)
Accounts payable and accrued expenses	2,941	(51,466)
Deferred revenue and other liabilities	(109,605)	102,943
Operating lease assets and liabilities	20,281	-
Net cash used in operating activities	(535,191)	(538,962)
Cash flows from investing activities		
Proceeds from sales of investments	2,639,412	4,669,099
Purchases of investments	(2,476,381)	(3,939,416)
Withdrawal from endowment	32,000	32,000
Net cash provided by investing activities	195,031	761,683
Cash flows from financing activities		
Proceeds from line of credit	1,550,000	200,000
Payments on line of credit	(1,300,000)	-
Payments on PPP loan	-	(335,464)
Financing lease liabilities	(2,311)	-
Net cash provided by (used in) financing activities	247,689	(135,464)
Net (decrease) increase in cash and cash equivalents	(92,471)	87,257
Cash and cash equivalents, beginning	720,379	633,122
Cash and cash equivalents, ending	**$ 627,908**	**$ 720,379**
Supplemental cash flow disclosure		
Interest paid	**$ 35,203**	**$ 18,731**
Supplemental schedule of noncash investing and financing activities		
Operating lease right-of-use assets	**$ (808,196)**	**$ -**
Financing lease right-of-use assets	**$ (65,752)**	**$ -**
Operating lease liabilities	**$ 814,994**	**$ -**
Financing lease liabilities	**$ 65,752**	**$ -**

See notes to financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

WISE & Healthy Aging (the Organization) is a result of the November 1, 2007 merger between WISE Senior Service and the Center for Healthy Aging.

The Organization is a multiservice, 501(c)(3) not-for-profit corporation serving older adults and caregivers throughout Los Angeles and San Bernardino Counties, with emphasis on low-income and/or underserved individuals. The Organization offers vital support services and programs that advance the dignity and quality of life of older adults through leadership, advocacy and high-quality, innovative services. From the active senior looking for meaningful volunteer opportunities to the frail senior resident of a nursing home, the Organization seeks to promote quality of life. The Organization advocates on behalf of and empowers those seniors who are at risk, living alone, have a physical or mental impairment, want to live in their own home, are lonely or depressed and/or are at risk for exploitation by others.

Programs and support services the Organization provides include: Adult Day Center, Benefits Enrollment Services, Caregiver Support and Training, Care Management (In-Home Services), City & County of Los Angeles along with San Bernardino County Long-Term Care Ombudsman Program, Elder Abuse Prevention Services, Club WISE senior recreational activities, Financial Clinics, WISE Diner Healthy Lunches Program (within the City of Santa Monica), Medicare Insurance Counseling, Senior Peer Counseling, Support Groups, Training & Education, Transportation & Mobility Services, Information & Referral Services, Volunteer Opportunities, and WISE HomeCare.

In addition to receiving program income from private-paying clients, the Organization is partially funded by the State of California General Fund, State of California Department of Aging, Los Angeles County Aging & Disabilities Department (through the Older Americans Act of 1965, as amended), California Governor's Office of Emergency Services (Cal OES), California Public Utilities Commission (CPUC), City of Los Angeles Department of Aging, City of Santa Monica, County of San Bernardino Aging & Adult Services Department as well as from generous corporate and private philanthropic sources.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of Presentation</u>
The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

<u>Use of Estimates</u>
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents
The Organization considers all highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowment or other long-term purposes are excluded from this definition.

Receivables and Credit Policies
Accounts receivable consist primarily of noninterest-bearing amounts due for services. The Organization determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2023 and 2022, there was no allowance for uncollectable accounts receivable.

Grants and Contributions Receivable
The Organization records unconditional promises to give expected to be collected within one year at net realizable value. The Organization determines the allowance for uncollectable grants and contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2023 and 2022, management determined no allowance for uncollectable promises to give was necessary.

Equipment and Leasehold Improvements
Equipment and leasehold improvements are stated at cost or, if donated. at their estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the assets' estimated useful lives ranging from 5 to 25 years. Amortization of leasehold improvements is provided, using the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

Under the terms of certain contracts, the Organization is required to transfer ownership of all fixed assets to other authorized programs or agencies upon termination of the programs.

Investments
The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-lived Assets
Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Measurement of an impairment loss is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value, less cost to sell. The Organization did not recognize any impairment of long-lived asset losses in the years ended June 30, 2023 and 2022, respectively.

Net Assets
Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and 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.

- *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 and Revenue Recognition
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.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state and local grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization incurs expenditures in compliance with specific contract requirement or grant provisions.

Donated Services and In-kind Contributions
Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising activities; however, the value of contributed services that do not meet the recognition criteria prescribed by U.S. GAAP are not recognized on the financial statements.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and In-kind Contributions (Continued)
Contributed goods and rent are recorded at fair value at the date of donation. The Organization records specialized donated professional services at the respective fair values of the services received. The Organization did not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

Functional Allocation of Expenses
Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Certain expenses that are associated with more than one program or supporting service have been allocated among the programs and supporting services benefited based on a percentage of direct salaries method. The percentage of direct salaries method assigns time spent by employees on each program or support service to obtain overall percentages spent on each organizational activity. Expense categories that include allocated expenses are salaries and wages, employee benefits, payroll taxes and fees, depreciation and amortization, insurance, outside services, equipment, repairs and maintenance, supplies, taxes, licenses and permits, telephone and internet, travel development, and utilities.

Estimated Fair Value of Financial Instruments
The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

For the year ended June 30, 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent with the techniques applied during the year ended June 30, 2022.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated Fair Value of Financial Instruments (Continued)

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument. Investments are financial instruments that are classified within Level 1, because these accounts were valued primarily using quoted market prices utilizing market-observable inputs.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts.

Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, and foundations supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the Finance Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Major Contributors

The Organization received 57% and 74% of total revenue from federal, state, and local agencies for the years ended June 30, 2023 and 2022, respectively. Grants and contributions receivable consist of amounts owed by these agencies.

Income Taxes

The Organization is organized as a not-for-profit organization exempt from income tax under provisions of Internal Revenue Code §501(c)(3). Management has analyzed the tax positions taken by the Organization, and has concluded that, as of June 30, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle
In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities.

The Organization adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, *Leases.*

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability, using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Foundation obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle (Continued)
Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Foundation's operating leases of $873,948 and $880,746, respectively, as of July 1, 2022. The adoption of the new lease standard did not materially impact change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Subsequent Events
The Organization has evaluated subsequent events through March 22, 2024, the date of which the financial statements were available to be issued.

NOTE 3 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2023 and 2022, financial assets available to meet general expenditures within one year of the statements of financial position are as follows:

	2023	2022
Cash and cash equivalents	$ 627,908	$ 720,379
Operating investments	11,353,869	10,952,791
Grants and contributions receivable	691,908	933,535
Accounts receivable, net	112,823	81,480
	$ 12,786,508	**$ 12,688,185**

The Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE 4 – INVESTMENTS

The following table summarizes the Organization's investments in the Level 1 fair value hierarchy as of June 30:

	2023	2022
Operating Investments:		
Short-term securities	$ 4,099	$ -
Bond funds	3,083,860	3,064,821
Equity funds	8,265,910	7,887,970
Total operating investments	11,353,869	10,952,791
Endowment Investments:		
Short-term securities	5,222	47,255
Bond funds	603,618	597,468
Equity funds	1,744,969	1,555,084
Total endowment investments	2,353,809	2,199,807
	$ 13,707,678	**$ 13,152,598**

NOTE 5 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements consist of the following as of June 30, 2023 and 2022:

	2023	2022
Leasehold improvements	$ 592,563	$ 592,563
Furniture, fixtures and equipment	377,288	377,288
	969,851	969,851
Accumulated depreciation	(888,484)	(860,870)
	$ 81,367	**$ 108,981**

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2023 and 2022, net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Care Management	$ 37,210	$ 80,641
Adult Day Center	20,020	72,500
Elder Abuse Prevention	35,416	25,997
Ombudsman	37,194	111,655
General Funds	87,299	35,500
Member Services	-	37,919
Nutrition	-	3,000
Other Programs	-	2,204
	217,139	369,416
Subject to the Organization's spending policy and appropriation		
Endowment funds restricted in perpetuity	1,280,619	1,278,028
Unappropriated endowment earnings	1,073,190	921,779
	2,353,809	2,199,807
Total	**$ 2,570,948**	**$ 2,569,223**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors are as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Care Management	$ 93,431	$ 20,947
Member Services	47,919	134,581
Ombudsman Program	134,462	67,621
Adult Day Service Center	102,480	6,000
Elder Abuse Prevention	49,878	3,698
Nutrition	3,000	65,206
General Fund	48,904	33,707
Other Programs	2,204	38,426
Training and Education	-	57,868
Paratransit	-	70,000
	482,278	498,054
Endowment earnings appropriated	32,000	32,000
	$ 514,278	**$ 530,054**

NOTE 7 – ENDOWMENT

The Organization's Endowment consists of a pool of funds established by donors to provide annual funding for specific activities and general operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the California Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 Organization classifies the endowment as net assets to be held in perpetuity (a) the original value of gifts donated to the endowment to be held in perpetuity, (b) the original value of subsequent gifts to the endowment to be held in perpetuity and (c) accumulations to the endowment to be held in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets to be held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate funds for distribution:

(1) The duration and preservation of the fund

(2) The purpose of the Organization and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Organization

(7) The investment policies of the Organization

As of June 30, 2023 and 2022, endowment net assets with donor restrictions composition by type of fund are as follows:

	2023	2022
Donor-restricted endowment fund		
Original donor-restricted gift	$ 1,280,619	$ 1,278,028
Accumulated investment gains	1,073,190	921,779
	$ 2,353,809	**$ 2,199,807**

NOTE 7 – ENDOWMENT (Continued)

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets without donor restrictions; however, there were no such deficiencies as of June 30, 2023 and 2022.

Return Objectives and Risk Parameters
The Organization has adopted an investment policy that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the Organization expects its endowment funds, over time, to provide an annual rate of return over a trailing three-year period, net of investment expense, which is expected to outperform the greater of a) the CORE Consumer Price Index, plus 5%, or b) the Portfolio Benchmark, plus 0.5%, assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives and to maximize total return net of investment expenses, the Organization preserves the inflation-adjusted value of the funds. The Organization targets a diversified asset allocation that places a greater emphasis on U.S. stocks and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

The Organization's investment policies include the following guidelines provided to the investment manager:

- Allowable types of investment that can be purchased
- Asset allocation and rebalancing
- Quarterly review and monitoring of investments
- Prohibited types of investment and transaction

Spending Policy and How the Investment Objectives Relate to It
In determining the annual spending from the investment earnings, the Organization takes into consideration the rate of inflation and real growth of the investment pool. The spending percentage will be determined by the Organization's Investment Committee every year up to a) the CORE Consumer Price Index plus 5%, or b) the Portfolio Benchmark plus 0.5% of the endowment asset value as of the end of the previous fiscal year.

NOTE 7 – ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to It (Continued)
The Organization considers the following factors when determining the amount of spending from each donor-imposed permanently restricted fund:

- Whether the funds would be spent in accordance with donor-imposed use restrictions
- Other available funds from which this request could be considered
- Expected returns based upon investment policy
- The trend of current economic indicators

Changes in endowment net assets with donor restrictions for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Balance, beginning	$ 2,199,807	$ 2,455,021
Net investment return (loss)	183,411	(227,285)
Investment return included as corpus	2,591	4,071
Appropriation of endowment assets	(32,000)	(32,000)
Endowment net assets, ending	**$ 2,353,809**	**$ 2,199,807**

NOTE 8 – COMMITMENTS

Leases
The Organization leases five facilities under noncancelable operating lease agreements that expire through June 30, 2028. The Organization leases its headquarters at the Ken Edwards Center from the City of Santa Monica on a month-to-month basis. Rent expense amounted to $215,285 and $304,893 for the years ended June 30, 2023 and 2022, respectively.

The weighted-average remaining lease term is 3.96 years. The weighted-average discount rate is 2.87%.

NOTE 8 – COMMITMENTS (Continued)

Leases (Continued)
Future undiscounted cash flows for each of the next five years ending June 30, 2023 and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of June 30, 2023:

Financing:

2024	$ 12,647
2025	13,015
2026	13,394
2027	12,868
2028	11,517
Total lease payments	**$ 63,441**

Operating:

2024	$ 226,812
2025	212,974
2026	127,437
2027	82,628
2028	32,570
Total lease payments	682,421
Less present value effect	(31,560)
Total present value of lease liabilities	**$ 650,861**

In accordance with ASC 840, the future minimum lease payments required under these lease agreements at June 30, 2022, are as follows:

2023	$ 155,497
2024	137,939
2025	118,825
2026	69,215
2027	27,020
Total	**$ 508,496**

NOTE 8 – COMMITMENTS (Continued)

Government Funding
Certain government grants/contracts that the Organization administers and for which it receives funding are subject to audit and final acceptance by government granting agencies. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time. The Organization expects that such amounts, if any, would not have a significant impact on the financial position of the Organization.

Employment Contract
The Organization entered into an employment agreement with an officer through June 30, 2027. The officer's base salary is $210,000 per year with a built-in increase of 3% per year.

NOTE 9 – LINE OF CREDIT

The Organization has an unsecured line of credit with a bank maturing on September 13, 2023. The line allows borrowing up to $450,000 at the daily Wall Street Journal Prime Rate (4.75% at June 30, 2023 and 2022). The line of credit has various financial covenants. For the year ended June 30, 2023, the Organization was in compliance with its financial covenants requirements.

NOTE 10 – DONATED SERVICES AND IN-KIND RENT

Donated Services
During the years ended June 30, 2023 and 2022, the Organization received specialized services from volunteers providing long-term care services for seniors recorded at an estimated fair value, based on standard industry hourly rates, of $519,572 and $427,503, respectively.

Donated professional services used in the programs for the year ended June 30, 2023 and 2022, are as follows:

	2023	2022
Care Management	$ 89,346	$ 54,275
Ombudsman Program	239,230	182,250
Adult Day Service Center	109,502	101,768
Los Angeles Oasis Partnership	45,604	37,875
Elder Abuse Prevention	21,939	32,253
Nutrition Services	13,951	19,082
	$ 519,572	**$ 427,503**

NOTE 10 – DONATED SERVICES AND IN-KIND RENT (Continued)

Contributed Use of Space

The Organization receives below-market rate rent for its headquarters and one Macy's facility for the Club WISE Program. In valuing the contributed use of space, the Organization recorded the difference between the rent's fair market value per square foot and the actual amount paid totaling $1,467,953 and $962,199, as of June 30, 2023 and 2022, respectively. Contributed use of space is valued based upon estimates of fair market value of rent for comparable office space in the Los Angeles metropolitan area.

NOTE 11 – EMPLOYEE RETIREMENT PLAN

The Organization maintains a 401(k) plan (the Plan), which provides eligible employees with retirement benefits in accordance with the Plan. The Organization has the option to make discretionary matching contributions to the Plan each year where the contribution does not exceed the federally determined maximum amount. The Organization made contributions totaling $58,125 and $59,156 for the years ended June 30, 2023 and 2022, respectively.

NOTE 12 – RELATED PARTY TRANSACTIONS

For the years ended June 30, 2023 and 2022, the Organization paid $80,597 and $91,133, respectively, for non-medical home care services to a company in which a Board member of the Organization is a principal shareholder. As of June 30, 2023 and 2022, the Organization owed $14,579 and $17,158, respectively, to this related party.

During the years ended June 30, 2023 and 2022, the Organization received contributions from members of the Board of Directors totaling $15,254 and $44,612, respectively.