

THE EBELL OF LOS ANGELES AND AFFILIATES (NONPROFIT ORGANIZATION)

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

(With Summary Comparative Information for 2020)

CONTENTS

Independent Auditors' Report.....	1-2
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities and Changes in Net Assets	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows.....	6
Notes to the Consolidated Financial Statements	7-22
Independent Auditors' Report on Supplemental Information.....	23
Consolidating Statement of Financial Position	24
Consolidating Statement of Activities and Changes in Net Assets	25

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Ebell of Los Angeles and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Ebell of Los Angeles and Affiliates (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Ebell of Los Angeles and Affiliates as of June 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited The Ebell of Los Angeles and Affiliates' June 30, 2020 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated March 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
February 3, 2022

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

ASSETS

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 3,501,378	\$ 2,339,731
Investments	11,645,916	10,133,071
Inventories	22,439	28,972
Prepaid expenses and other assets	118,021	118,009
Property and equipment, net	<u>2,247,231</u>	<u>2,593,378</u>
TOTAL ASSETS	<u><u>\$ 17,534,985</u></u>	<u><u>\$ 15,213,161</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 216,602	\$ 134,566
Deferred income	2,845,161	2,260,232
Paycheck Protection Program Loan	476,952	476,952
Economic Injury Disaster Loan	<u>150,000</u>	<u>150,000</u>
	<u>3,688,715</u>	<u>3,021,750</u>

CONTINGENCIES (Note 7)

NET ASSETS

Without donor restrictions		
Undesignated	3,361,237	3,213,995
Board designated	<u>18,400</u>	<u>18,400</u>
Total without donor restrictions	<u>3,379,637</u>	<u>3,232,395</u>
With donor restrictions	<u>10,466,633</u>	<u>8,959,016</u>
	<u>13,846,270</u>	<u>12,191,411</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 17,534,985</u></u>	<u><u>\$ 15,213,161</u></u>

See Independent Auditors' Report

The accompanying notes are an integral part of these consolidated financial statements.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
REVENUE AND SUPPORT				
Income from club activities	\$ 25,615	\$ -	\$ 25,615	\$ 164,280
Membership dues	116,558	-	116,558	154,307
Contributions	121,942	6,405	128,347	165,843
Investment gain, net	211,856	2,057,626	2,269,482	6,053
Auxiliary services:				
Catering services, net	(562,446)	-	(562,446)	(634,362)
Facility rental, net	890,521	-	890,521	(61,889)
PPP loan forgiveness	476,952	-	476,952	-
Net assets released from restrictions	556,414	(556,414)	-	-
Total Revenue and Support	1,837,412	1,507,617	3,345,029	(205,768)
EXPENSES				
Program services	1,450,501	-	1,450,501	1,009,206
Support services	239,669	-	239,669	106,898
Total Expenses	1,690,170	-	1,690,170	1,116,104
CHANGE IN NET ASSETS	147,242	1,507,617	1,654,859	(1,321,872)
NET ASSETS AT BEGINNING OF YEAR	3,232,395	8,959,016	12,191,411	13,417,674
NET ASSETS TRANSFERRED IN	-	-	-	95,609
NET ASSETS AT END OF YEAR	\$ 3,379,637	\$ 10,466,633	\$ 13,846,270	\$ 12,191,411

See Independent Auditors' Report

The accompanying notes are an integral part of these consolidated financial statements.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	Program Services	Support Services	Total	
			2021	2020
Salaries	\$ 268,690	\$ 47,416	\$ 316,106	\$ 169,286
Employee benefits	55,485	9,790	65,275	28,419
	<u>324,175</u>	<u>57,206</u>	<u>381,381</u>	<u>197,705</u>
Grants	485,489	-	485,489	360,500
Club activities	30,510	-	30,510	226,491
Repairs and maintenance	28,989	5,116	34,105	30,377
Depreciation	191,246	33,749	224,995	86,267
Utilities	88,327	33,571	121,898	36,549
Insurance	127,988	15,588	143,576	34,002
Professional fees	37,803	22,586	60,389	32,364
Miscellaneous expenses	6,584	10,099	16,683	5,788
Office supplies	37,474	6,612	44,086	26,315
Property taxes	39,147	6,908	46,055	9,734
Equipment leases	18,344	3,237	21,581	24,096
Telephone	20,470	3,612	24,082	7,766
Security	3,539	624	4,163	3,669
Office equipment	4,690	1,139	5,829	4,920
Licenses	5,265	979	6,244	14,124
Postage	461	81	542	617
Income tax expense	<u>-</u>	<u>38,562</u>	<u>38,562</u>	<u>14,820</u>
Total Expenses	<u>\$ 1,450,501</u>	<u>\$ 239,669</u>	<u>\$ 1,690,170</u>	<u>\$ 1,116,104</u>

See Independent Auditors' Report

The accompanying notes are an integral part of these consolidated financial statements.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	For the Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,654,859	\$ (1,226,263)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	346,147	431,338
Net realized and unrealized gain on investments	(2,170,365)	183,768
PPP loan forgiveness	(476,952)	-
Changes in operating assets and liabilities:		
Inventories	6,533	2,790
Prepaid expenses and other assets	(12)	(22,381)
Accounts payable and accrued expenses	82,036	(223,096)
Deferred income	584,929	687,004
Net Cash Provided By (Used In) Operating Activities	<u>27,175</u>	<u>(166,840)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(153,878)
Proceeds from sale of investments	1,700,034	1,670,216
Purchase of investments	(1,042,514)	(1,876,086)
Net Cash Provided By (Used In) Investing Activities	<u>657,520</u>	<u>(359,748)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	476,952	476,952
Proceeds from Economic Injury Disaster Loan	-	150,000
Net Cash Provided By Financing Activities	<u>476,952</u>	<u>626,952</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,161,647	100,364
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,339,731</u>	<u>2,239,367</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,501,378</u></u>	<u><u>\$ 2,339,731</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ 31,800	\$ 7,150

See Independent Auditors' Report

The accompanying notes are an integral part of these consolidated financial statements.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Organization

The Ebell of Los Angeles (the Club), is an educational and philanthropic organization founded by women, for women in 1894. The Club's mission is to participate in and encourage the educational, cultural and social growth of the diverse Los Angeles community; and to conserve and protect the historic clubhouse, collections, and the Wilshire Ebell Theatre.

The Club offers online and onsite cultural and educational programs and activities which reflect the diversity of the community and the Club membership itself. These programs, including lunch speakers, evening dinners and screenings, workshops, exhibitions, play readings, musical performances, holiday events, fieldtrips and social service projects, offer opportunities for continual learning and personal growth.

The Club also rents out its facility and catering staff for events, and serves as a location setting for film and television shoots. The net revenue from these ancillary operations helps further the mission of the Club and has enabled it to stay in existence.

The Ebell is listed among the U.S. National Register of Historic Places – May 6, 1994; is designated Los Angeles Historic Monument #250 – 1982 and is designated American Treasure by the National Trust for Historic Preservation - 1999.

Ebell members administer three endowment funds:

The Ebell of Los Angeles Rest Cottage Association was formed to benefit women in need and offers annual grants to non-profits that help women and their children.

The Ebell of Los Angeles Scholarship Endowment fund and the Mr. and Mrs. Charles N. Flint Scholarship Endowment Fund both grant annual college scholarships to women and men.

Ebell Friends is a nonprofit public charity whose purpose is to provide support for the preservation, restoration, and maintenance of the historic Ebell of Los Angeles' clubhouse, grounds, collections, and the Wilshire Ebell Theatre. Effective April 2020, Ebell Friends changed their by-laws requiring that at least 51% of their board members be board members from the Club. With the change and effective control, Ebell Friends was consolidated into the Club as of April 2020.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – Summary of Significant Accounting Policies

Financial Statement Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. The following significant accounting policies are described in this footnote to enhance the usefulness of the financial statements to the reader.

Principles of Consolidation

The consolidated financial statements include the accounts of The Ebell of Los Angeles, The Ebell of Los Angeles Rest Cottage Association, The Ebell of Los Angeles Scholarship Endowment Fund, The Mr. and Mrs. Charles N. Flint Scholarship Endowment Fund, and Ebell Friends (collectively, The Ebell). All significant intercompany balances and transactions have been eliminated upon consolidation.

Prior-Period Information

The consolidated financial statements include certain prior-year summarized financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such financial information should be read in conjunction with The Ebell's consolidated financial statements for the year ended June 30, 2020, from which the summarized financial information was derived.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of The Ebell are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Without Donor Restrictions –

- Undesignated - Net assets that are not subject to donor-imposed restrictions that may be expendable for purposes in satisfying the objectives and mission of The Ebell.
- Board designated – Net assets that are not subject to donor-imposed restrictions but have been designated by The Ebell’s board for a specific purpose. The purpose and designation can be changed based the board’s decision.

With Donor Restrictions - Net assets subject to donor-imposed restrictions that may be temporary in nature and that will be met either by actions of The Ebell or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Other donor stipulations are perpetual in nature, where the donor stipulates that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. Such income generally includes interest, dividends, and realized and unrealized earnings from the corpus.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents are short-term, highly liquid investments with original maturities of three months or less at the time of purchase.

The Ebell maintains its cash and cash equivalents in bank deposit accounts and other investment accounts which, at times, may exceed federally insured limits. The Ebell has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable market values and all investments in debt securities are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the consolidated statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is temporarily or permanently restricted by donor stipulations or by law.

Investments in marketable securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of financial position.

Inventories

Inventories consists of food and beverages. Inventories are valued at the lower of cost or market if purchased and at fair value at the date of donation, if donated. The Ebell utilizes the first-in, first-out method of inventory valuation.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition, if purchased, or at estimated fair value at the date of donation, if donated. Depreciation is computed using the straight-line and accelerated methods over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings and improvements	10 - 39 Years
Furniture and fixtures	5 - 7 Years
Equipment	5 - 7 Years
Website	3 Years

Expenditures for repairs and maintenance are charged to operations as incurred, while renewals and betterments are capitalized.

Long-Lived Assets

The Ebell evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated value. No such impairment losses have been recognized during the year ended June 30, 2021.

Deferred Income

Advances received by The Ebell for events occurring after the consolidated statement of financial position date are accounted for as deferred income.

Contributions

Unconditional contributions, including pledges recorded at estimated net realizable value, are recognized as revenue when the pledge or contribution is received. The Ebell reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenue from catering, rental, and other contract services is recognized when the services are rendered.

During the year ended June 30, 2021, The Ebell rented out part of the facility for special events, such as filmings, weddings, or parties. If requested, The Ebell may also provide catering services. The activities for these auxiliary services during the year are as follows:

	<u>Catering Services</u>	<u>Facility Rental</u>
Direct billings	\$ 220,843	\$ 1,326,617
Personnel costs	(449,731)	(339,506)
Direct expense	(140,879)	(11,336)
Overhead costs	<u>(192,679)</u>	<u>(85,254)</u>
Net income (loss)	<u>\$ (562,446)</u>	<u>\$ 890,521</u>

Contributed Goods, Services, and Facilities

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time to The Ebell, including members of the Board of Directors. However, the services that these individuals rendered do not meet the above criteria and, as such, are not recognized as revenue.

Grants

Unconditional grants are charged against operations when authorized by The Ebell's Board of Directors.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Income Taxes

The Ebell of Los Angeles, The Ebell of Los Angeles Rest Cottage Association, The Ebell of Los Angeles Scholarship Endowment Fund, the Mr. and Mrs. Charles N. Flint Scholarship Endowment Fund, and Ebell Friends are exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Effective January 1, 2020, a flat 1.39% excise tax will be applied to net investment income and eliminating the rate reduction criteria.

The Ebell is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California purposes is four years.

Functional Allocation of Expenses

The costs of providing The Ebell's programs and other activities have been summarized by function in the consolidated statement of activities and the statement of functional expenses. Expenses that can be identified with a specific program or supporting services are charged directly to the related program or supporting services. Significant expenses that are associated with more than one program or supporting services include payroll and related benefits, repairs and maintenance, depreciation, utilities, and insurance, which are allocated based on management's estimate of time and effort.

Subsequent Events

Subsequent to the end of fiscal year ended June 30, 2021, The Ebell of Los Angeles received a second Economic Injury Disaster Loan in the amount of \$350,000.

Subsequent to the end of fiscal year ended June 30, 2021, The Ebell of Los Angeles was notified that their second PPP loan amount of \$476,952 was forgiven in full.

Management has evaluated subsequent events through February 3, 2022, the date the consolidated financial statements were available to be issued for the year ended June 30, 2021, and except for the item noted above, management determined there was no other subsequent event requiring disclosure in the financial statements.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

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:

Cash and cash equivalents	\$ 3,501,578
Investments	<u>11,645,916</u>
	<u>15,147,494</u>
Less donor-restricted funds not available for general expenditures	(10,466,633)
Less board-designated funds not available for general expenditures	<u>(18,400)</u>
	<u>(10,485,033)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,662,461</u>

The Ebell maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4 – Investments

Investments at June 30, 2021 consists of the following:

	<u>Fair Value</u>	<u>Cost</u>
Corporate bonds	\$ 78,050	\$ 76,058
U.S. Treasury notes	159,316	161,046
Certificates of deposit	50,861	50,000
Equities	741,450	554,616
Exchange traded funds (ETFs)	4,785,748	3,654,297
Mutual funds	<u>5,830,491</u>	<u>4,836,369</u>
	<u>\$ 11,645,916</u>	<u>\$ 9,332,386</u>

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – Investments (Continued)

Net investment gain consists of the following for the year ended June 30, 2021:

Interest and dividend income	\$ 179,244
Net realized and unrealized gains on investments	2,170,365
Management fees	<u>(80,127)</u>
	<u>\$ 2,269,482</u>

NOTE 5 – Property and Equipment

Property and equipment consists of the following at June 30, 2021:

Land	\$ 734,580
Buildings and improvements	3,478,454
Website	54,615
Furniture and fixtures	986,189
Equipment	<u>1,400,760</u>
	6,654,598
Less accumulated depreciation	<u>(4,407,367)</u>
	<u>\$ 2,247,231</u>

Depreciation expense for the year ended June 30, 2021 was allocated as follows:

Catering services	\$ 86,537
Facility rental	34,615
Program services	191,246
Support services	<u>33,749</u>
	<u>\$ 346,147</u>

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 – Loans

PPP Loan

In March 2020, Congress passed the Paycheck Protection Program (PPP), authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities and interest on mortgages. Loans obtained through the PPP are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain other conditions are met.

In April 2020, The Ebell received a loan in the amount of \$476,952 through the PPP. To the extent it is not forgiven, The Ebell would be required to repay that portion at an interest rate of 1% over a period of two years, beginning October 2020, with a final installment in April 2022. In May 2021, The Ebell was notified that the full PPP loan amount was forgiven in full. As such, management has recognized the \$476,952 as PPP loan forgiveness on the consolidated statement of activities.

In February 2021, The Ebell received a second loan in the amount of \$476,952 through the PPP. To the extent it is not forgiven, The Ebell would be required to repay that portion at an interest rate of 1% over a period of two years, beginning November 2021, with a final installment in May 2023.

Economic Injury Disaster Loan

In June 2020, The Ebell received an Economic Injury Disaster Loan (EIDL) under the SBA's assistance program in light of the impact of the COVID-19 pandemic. Pursuant to the EIDL Agreement, The Ebell received a forgivable advance of \$10,000 and loan of \$150,000, to be used for working capital purposes only. Pursuant to the EIDL Agreement, The Ebell executed; (i) a note for the benefit of the SBA, which contains customary events of default; and (ii) a Security Agreement, granting the SBA a security interest in all tangible and intangible personal property of The Ebell, which also contains customary events of default. The EIDL bears an interest rate of 2.75% per annum which accrue from the date of the advance. Installment payments, including principal and interest, are due monthly beginning June 2021. The balance of principal and interest is payable thirty years from the date of the EIDL Agreement. As of the issuance of these financial statements, The Ebell has not made any payments on the balance of the loan but has recognized the forgivable advance portion of \$10,000 as contribution during fiscal year ended June 30, 2020. Final approval of any loan forgiveness amount is subjected to the Small Business Administration.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – Contingencies

In the ordinary course of conducting its business, The Ebell becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against The Ebell which, from time to time, may have an impact on changes in net assets. The Ebell does not believe that these proceedings, individually or in the aggregate, would have a material effect on the accompanying consolidated financial statements.

Business Risks Associated with the Impact of COVID-19

Because of the severity and global nature of the COVID-19 pandemic, the impact on The Ebell's business could be significant and have a material impact on its financial position and operating results. There is significant uncertainty and management is in the process of evaluating the potential future impact on its business and financial statements.

NOTE 8 – Fair Value Measurements

The Ebell uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there may not be quoted market prices for The Ebell's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Ebell groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are other observable inputs, such as quoted prices for similar instruments or quoted prices in markets that are not active.
- Level 3 inputs are unobservable inputs for the asset or liability.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – Fair Value Measurements (Continued)

The following is a description of valuation methodologies used for assets recorded at fair value:

Investments: Where quoted prices are available in active markets, securities are classified within level 1 of the valuation hierarchy. Level 1 securities include equities and mutual funds. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These instruments, which would generally be classified within level 2 of the fair value hierarchy, include government securities, corporate bonds, and asset-backed securities.

The following table presents instruments that are measured at fair value on a recurring basis in the accompanying consolidated statement of financial position at June 30, 2021:

<u>June 30, 2021</u>	<u>Total Assets at Fair Value</u>	<u>Fair Value Measurements at Reporting Date</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Corporate bonds	\$ 78,050	\$ -	\$ 78,050	\$ -
US Treasury notes	159,316	-	159,316	-
Certificates of deposit	50,861	-	50,861	-
Equities	741,450	741,450	-	-
Exchange traded funds	4,785,748	4,785,748	-	-
Mutual funds	5,830,491	5,830,491	-	-
	<u>\$ 11,645,916</u>	<u>\$ 11,357,689</u>	<u>\$ 288,227</u>	<u>\$ -</u>

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 – Net Assets

Net assets restricted by donors, time, or designated by the Ebell at June 30, 2021 are as follows:

Net assets without donor restrictions:

Undesignated	\$ 3,361,237
Board designated for quasi endowment fund	<u>18,400</u>
Total Net Assets Without Donor Restrictions	<u>\$ 3,379,637</u>

Net asset with donor restrictions:

Donor restricted for specified purposes:	
The Ebell of Los Angeles Rest Cottage Association - Grants	\$ 3,801,226
The Ebell of Los Angeles Scholarship Fund - Scholarships	3,301,997
The Mr. and Mrs. Charles N. Flint Scholarship Fund - Scholarships	1,943,852
Donor restricted to be held in perpetuity:	
The Ebell of Los Angeles Scholarship Fund	1,379,558
The Mr. and Mrs. Charles N. Flint Scholarship Fund	<u>40,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 10,466,633</u>
Total Net Assets	<u>\$ 13,846,270</u>

NOTE 10 – Endowment

The Ebell's endowment consists of donor-designated funds to support scholarship awards for students. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 – Endowment (Continued)

The Ebell has interpreted California’s enacted version of the *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 Ebell classifies as net assets with donor restrictions: (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) the remaining portion of the donor-restricted endowment fund that has yet to be appropriated for expenditure by The Ebell in a manner consistent with donor restrictions and standard of prudence prescribed by UPMIFA.

Endowment net asset composition at June 30, 2021 by type of fund is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		
		<u>Specified Purpose</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Board designated endowment fund	\$ 18,400	\$ -	\$ -	\$ 18,400
The Ebell of Los Angeles Scholarship Fund	-	3,301,997	1,379,558	4,681,555
The Mr. and Mrs. Charles N. Flint Scholarship Fund	-	1,943,852	40,000	1,983,852
Total endowment funds	<u>\$ 18,400</u>	<u>\$ 5,245,849</u>	<u>\$ 1,419,558</u>	<u>\$ 6,683,807</u>

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 – Endowment (Continued)

Changes in endowment net assets for the year ended June 30, 2021 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions Specified Purpose</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Beginning of year	\$ 18,400	\$ 4,314,238	\$ 1,419,558	\$ 5,752,196
Investment income:				
Investment income, net	-	54,611	-	54,611
Net appreciation	-	1,246,324	-	1,246,324
Total investment income	-	1,300,935	-	1,300,935
Additions				
Contributions	-	2,931	-	2,931
Total Additions	-	2,931	-	2,931
Amounts appropriated for expenditure	-	(372,255)	-	(372,255)
End of year	<u>\$ 18,400</u>	<u>\$ 5,245,849</u>	<u>\$ 1,419,558</u>	<u>\$ 6,683,807</u>

Return Objectives and Risk Parameters

The Ebell's endowment funds are invested and managed according to their investment and spending policies. These policies attempt to provide a consistent return on assets in order to achieve a stable stream of funding for programs supported by The Ebell's endowment while seeking to maintain the purchasing power of the endowment assets. As a result, the endowment assets are invested in a manner that is intended to produce results that, over the long-term, meet or exceed the spending policy rate, plus the rate of inflation.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 – Endowment (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, The Ebell relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Ebell targets a diversified asset allocation for its investment portfolio in order to achieve its long-term return objectives within prudent risk constraints. The targeted rate of return and asset allocation are reviewed regularly by The Ebell's finance committee.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The objective of the endowment spending policy is to allocate the total endowment earnings between current spending and reinvestment for future earnings and expenditures in order to maintain or enhance the purchasing power of the endowment. The Ebell has set procedures for appropriating for expenditure each year a minimum of five percent of the fund's value for the trailing three years, subject to maintaining certain minimum fund balances. The spending policies are consistent with The Ebell's objectives to maintain the purchasing power of the endowment assets held in perpetuity, as well as, to provide additional real growth through new gifts and investment return.

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**SUPPLEMENTAL INFORMATION
JUNE 30, 2021**

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

To the Boards of Directors of
The Ebell of Los Angeles and Affiliates

We have audited the consolidated financial statements of The Ebell of Los Angeles and Affiliates for the year ended June 30, 2021 and have issued our report thereon dated February 3, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating statements of financial position, and activities and changes in net assets are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Windes, Inc.

Long Beach, California
February 3, 2022

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

	The Ebell of Los Angeles	The Ebell of Los Angeles Rest Cottage Association	The Ebell of Los Angeles Scholarship Endowment Fund	The Mr. and Mrs. Charles N. Flint Scholarship Endowment Fund	EBELL Friends	Eliminations	Total
ASSETS							
Cash and cash equivalents	\$ 3,376,267	\$ 29,472	\$ 14,111	\$ 13,024	\$ 68,504	\$ -	\$ 3,501,378
Investments	1,263,158	3,761,733	4,655,277	1,965,748	-	-	11,645,916
Inventories	22,439	-	-	-	-	-	22,439
Prepaid expenses and other assets	111,154	2,015	2,772	2,080	-	-	118,021
Intercompany receivables	-	8,006	9,395	3,000	8,551	(28,952)	-
Property and equipment, net	<u>2,247,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,247,231</u>
TOTAL ASSETS	<u>\$ 7,020,249</u>	<u>\$ 3,801,226</u>	<u>\$ 4,681,555</u>	<u>\$ 1,983,852</u>	<u>\$ 77,055</u>	<u>\$ (28,952)</u>	<u>\$ 17,534,985</u>
LIABILITIES AND NET ASSETS							
LIABILITIES							
Accounts payable and accrued expenses	\$ 220,313	\$ -	\$ -	\$ -	\$ 4,840	\$ (8,551)	\$ 216,602
Deferred income	2,845,161	-	-	-	-	-	2,845,161
Paycheck Protection Program Loan	476,952	-	-	-	-	-	476,952
Economic Injury Disaster Loan	150,000	-	-	-	-	-	150,000
Intercompany payables	<u>20,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,401)</u>	<u>-</u>
Total Liabilities	<u>3,712,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,840</u>	<u>(28,952)</u>	<u>3,688,715</u>
NET ASSETS							
Without donor restrictions							
Undesignated	3,289,022	-	-	-	72,215	-	3,361,237
Board designated	<u>18,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,400</u>
	3,307,422	-	-	-	72,215	-	3,379,637
With donor restrictions	<u>-</u>	<u>3,801,226</u>	<u>4,681,555</u>	<u>1,983,852</u>	<u>-</u>	<u>-</u>	<u>10,466,633</u>
Total Net Assets	<u>3,307,422</u>	<u>3,801,226</u>	<u>4,681,555</u>	<u>1,983,852</u>	<u>72,215</u>	<u>-</u>	<u>13,846,270</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,020,249</u>	<u>\$ 3,801,226</u>	<u>\$ 4,681,555</u>	<u>\$ 1,983,852</u>	<u>\$ 77,055</u>	<u>\$ (28,952)</u>	<u>\$ 17,534,985</u>

See Independent Auditors' Report on Supplemental Information

**THE EBELL OF LOS ANGELES AND AFFILIATES
(NONPROFIT ORGANIZATION)**

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021**

	The Ebell of Los Angeles	The Ebell of Los Angeles Rest Cottage Association	The Ebell of Los Angeles Scholarship Endowment Fund	The Mr. and Mrs. Charles N. Flint Scholarship Endowment Fund	EBELL Friends	Eliminations	Total
REVENUE AND SUPPORT							
Income from club activities	\$ 25,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,615
Membership dues	116,558	-	-	-	-	-	116,558
Contributions	101,708	3,474	2,931	-	31,784	(11,550)	128,347
Investment gain, net	211,856	756,691	914,321	386,614	-	-	2,269,482
Auxiliary services:							
Catering services, net	(562,446)	-	-	-	-	-	(562,446)
Facility rental, net	890,521	-	-	-	-	-	890,521
PPP Loan forgiveness	476,952						476,952
Intercompany income	36,000	-	-	-	-	(36,000)	-
Total Revenue and Support	<u>1,296,764</u>	<u>760,165</u>	<u>917,252</u>	<u>386,614</u>	<u>31,784</u>	<u>(47,550)</u>	<u>3,345,029</u>
EXPENSES							
Program services	965,012	160,000	227,000	99,500	10,539	(11,550)	1,450,501
Support services	<u>196,843</u>	<u>24,159</u>	<u>28,635</u>	<u>17,120</u>	<u>8,912</u>	<u>(36,000)</u>	<u>239,669</u>
Total Expenses	<u>1,161,855</u>	<u>184,159</u>	<u>255,635</u>	<u>116,620</u>	<u>19,451</u>	<u>(47,550)</u>	<u>1,690,170</u>
CHANGE IN NET ASSETS	134,909	576,006	661,617	269,994	12,333	-	1,654,859
NET ASSETS AT BEGINNING OF YEAR	3,172,513	3,225,220	4,019,938	1,713,858	59,882	-	12,191,411
NET ASSETS AT END OF YEAR	<u>\$ 3,307,422</u>	<u>\$ 3,801,226</u>	<u>\$ 4,681,555</u>	<u>\$ 1,983,852</u>	<u>\$ 72,215</u>	<u>\$ -</u>	<u>\$ 13,846,270</u>

See Independent Auditors' Report on Supplemental Information