

THE EBELL OF LOS ANGELES AND AFFILIATES (NONPROFIT ORGANIZATION)

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023

(With Summary Comparative Information for 2022)

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	7-23
Independent Auditors' Report on Supplemental Information	24
Consolidating Statement of Financial Position	25
Consolidating Statement of Activities and Changes in Net Assets	26

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023, 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.

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 (The Ebell) as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Ebell and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Ebell's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Ebell'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Ebell'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.

Report on Summarized Comparative Information

We have previously audited The Ebell of Los Angeles and Affiliates' June 30, 2022 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated March 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Long Beach, California
February 15, 2024

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

ASSETS

	June 30,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 8,359,593	\$ 9,083,375
Accounts receivable	120,064	75,591
Investments	12,103,876	10,173,232
Inventories	39,506	36,754
Prepaid expenses and other assets	120,727	74,035
Property and equipment, net	2,253,685	2,128,657
TOTAL ASSETS	\$ 22,997,451	\$ 21,571,644

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 538,880	\$ 583,736
Deferred income	2,539,340	2,808,778
Economic Injury Disaster Loan	500,000	500,000
	3,578,220	3,892,514
CONTINGENCIES (Note 7)		
NET ASSETS		
Without donor restrictions		
Undesignated	10,458,807	8,868,304
Board designated	18,400	18,400
Total without donor restrictions	10,477,207	8,886,704
With donor restrictions	8,942,024	8,792,426
	19,419,231	17,679,130
TOTAL LIABILITIES AND NET ASSETS	\$ 22,997,451	\$ 21,571,644

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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
REVENUE AND SUPPORT				
Income from Ebell activities	\$ 236,810	\$ -	\$ 236,810	\$ 102,643
Membership dues	129,165	-	129,165	105,601
Contributions	204,467	21,380	225,847	139,920
Grant income	-	-	-	3,948,733
Investment returns, net	309,917	603,018	912,935	(1,399,636)
Auxiliary services:				
Catering services, net	872,806	-	872,806	779,525
Facility rental, net	1,417,081	-	1,417,081	1,566,679
Employee Retention Credits	297,946	-	297,946	-
PPP loan forgiveness	-	-	-	476,952
Net assets released from restrictions	474,800	(474,800)	-	-
Total Revenue and Support	3,942,992	149,598	4,092,590	5,720,417
EXPENSES				
Program services	2,038,837	-	2,038,837	1,653,868
Support services	313,652	-	313,652	233,689
Total Expenses	2,352,489	-	2,352,489	1,887,557
CHANGE IN NET ASSETS	1,590,503	149,598	1,740,101	3,832,860
NET ASSETS AT BEGINNING OF YEAR	8,886,704	8,792,426	17,679,130	13,846,270
NET ASSETS AT END OF YEAR	\$ 10,477,207	\$ 8,942,024	\$ 19,419,231	\$ 17,679,130

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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>	
			<u>2023</u>	<u>2022</u>
Salaries	\$ 553,907	\$ 97,749	\$ 651,656	\$ 507,213
Employee benefits	<u>102,139</u>	<u>18,025</u>	<u>120,164</u>	<u>65,335</u>
	656,046	115,774	771,820	572,548
Grants	406,613	-	406,613	460,025
Club activities	149,338	-	149,338	115,310
Repairs and maintenance	68,582	12,103	80,685	61,479
Depreciation	100,615	17,755	118,370	145,784
Utilities	121,477	65,916	187,393	86,735
Insurance	140,945	21,437	162,382	146,846
Professional fees	172,354	24,870	197,224	71,172
Miscellaneous expenses	21,371	6,861	28,232	36,944
Office supplies	76,585	14,397	90,982	65,271
Property taxes	38,792	6,847	45,639	44,852
Equipment leases	14,350	2,532	16,882	19,453
Telephone	14,990	2,645	17,635	19,877
Security	9,888	1,938	11,826	5,860
Office equipment	11,889	2,098	13,987	14,357
Licenses	3,327	-	3,327	6,210
Postage	11,034	2,141	13,175	1,654
Interest expense	20,641	-	20,641	949
Income tax expense	<u>-</u>	<u>16,338</u>	<u>16,338</u>	<u>12,231</u>
Total Expenses	<u>\$ 2,038,837</u>	<u>\$ 313,652</u>	<u>\$ 2,352,489</u>	<u>\$ 1,887,557</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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	For the Year Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,740,101	\$ 3,832,860
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	200,627	247,092
Net realized and unrealized (gain) loss on investments	(718,464)	1,554,246
PPP loan forgiveness	-	(476,952)
Changes in operating assets and liabilities:		
Accounts receivable	(44,473)	(75,591)
Inventories	(2,752)	(14,315)
Prepaid expenses and other assets	(46,692)	43,986
Accounts payable and accrued expenses	(72,781)	367,134
Deferred income	(269,438)	(36,383)
Net Cash Provided By Operating Activities	786,128	5,442,077
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(297,730)	(128,518)
Proceeds from sale of investments	2,746,573	1,679,765
Purchase of investments	(3,958,753)	(1,761,327)
Net Cash Used In Investing Activities	(1,509,910)	(210,080)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Economic Injury Disaster Loan	-	350,000
Net Cash Provided By Financing Activities	-	350,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(723,782)	5,581,997
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,083,375	3,501,378
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 8,359,593	\$ 9,083,375

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, 2023**

NOTE 1 – Organization

The Ebell of Los Angeles (The Ebell) is an educational and philanthropic organization founded by women, for women in 1894. The Ebell’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 Ebell offers online and onsite cultural and educational programs and activities which reflect the diversity of the community and The Ebell itself. These programs, including lunch speakers, evening dinners and screenings, workshops, exhibitions, play readings, musical performances, holiday events, field trips, and social service projects, offer opportunities for continual learning and personal growth.

The Ebell 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 Ebell 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.

Members of The Ebell administer three endowment funds:

The Ebell of Los Angeles Rest Cottage Association was formed to benefit women in need and offers annual grants to nonprofits 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 of The Ebell. With the change and effective control, Ebell Friends was consolidated into The Ebell as of April 2020.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2022, from which the summarized financial information was derived.

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

- Board designated – Net assets that are not subject to donor-imposed restrictions but have been designated by The Ebell’s board of directors (the Board) for a specific purpose. The purpose and designation can be changed based on the Board’s decision.

With Donor Restrictions - Net assets subject to donor-imposed restrictions that are 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 consolidated statement of activities and changes in net assets 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.

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Receivables are primarily noninterest-bearing amounts due from various events that are held within the fiscal year. Management believes that the remaining outstanding receivables as of June 30, 2023 are collectible in full and, accordingly, no allowance for uncollectible receivables has been provided.

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 consolidated statement of financial position.

Inventories

Inventories consists of food and beverages. Inventories are valued at the lower of cost or market value 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, 2023**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment is 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, 2023.

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, 2023**

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, 2023, The Ebell rented out part of the facility for special events, such as studio 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:

	Catering Services	Facility Rental
Direct billings	\$ 5,133,986	\$ 2,856,254
Personnel costs	(1,956,503)	(858,827)
Direct expense	(1,933,808)	(363,724)
Overhead costs	(370,869)	(216,622)
Net income	\$ 872,806	\$ 1,417,081

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. However, the services that these individuals rendered do not meet the above criteria and, as such, are not recognized as revenue.

Grants Income

Revenue from grants are generally restricted upon certain performance requirements. Amounts received are recognized as revenue as The Ebell performs the individual performance obligations. During the year ended June 30, 2022, The Ebell received a Shuttered Venue Operators grant in the amount of \$3,948,733 from the Small Business Administration (SBA). The funds are applied to eligible expenditures incurred during the fiscal year. The Ebell did not receive revenue from grants during the year ended June 30, 2023.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Income Taxes

The Ebell is 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 statements of activities and changes in net assets and 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.

Recently Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued new lease accounting guidance in Accounting Standards Update (ASU) 2016-02 *Leases* (Topic 842) (ASU 2016-02), which modifies lease accounting for lessees to increase transparency and comparability by requiring the Clinic to recognize a lease liability and related right-of-use assets for all leases (with the exception of short-term leases) at the commencement date of the lease and to disclose key information about leasing arrangements.

Effective July 1, 2022, The Ebell adopted ASU 2016-02, including the package of practical expedients permitted under the transition guidance with the new standard, which among other things, allows for The Ebell to account for short-term leases, defined as any lease with a term less than 12 months, by recognizing all component of the lease payment in the statement of activities and changes in net assets in the period in which the obligation for the payments is incurred. The adoption of the standard did not have a significant impact on The Ebell's financial statements or disclosures.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). ASU 2016-13 requires the measurement of all expected credit losses for financial assets, including trade receivables, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Adoption of ASU 2016-13 will require The Ebell to use forward-looking information to better formulate its credit loss estimates. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2022, and early adoption is permitted. The adoption of this standard is not expected to have a significant impact on the consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events through February 15, 2024, the date the consolidated financial statements were available to be issued for the year ended June 30, 2023, and management determined there was no subsequent event requiring disclosure in the consolidated financial statements.

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 consolidated statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 8,359,593
Accounts receivable	120,064
Investments	<u>12,103,876</u>
	20,583,533
Less donor-restricted funds not available for general expenditures	(8,942,024)
Less board-designated funds not available for general expenditures	<u>(18,400)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 11,623,109</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 – Liquidity and Availability (Continued)

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, 2023 consists of the following:

	<u>Fair Value</u>	<u>Cost</u>
Corporate bonds	\$ 29,611	\$ 33,327
U.S. Treasury notes	1,757,891	1,730,612
Equities	1,199,810	1,028,929
Exchange traded funds (ETFs)	4,025,202	3,444,896
Mutual funds	<u>5,091,362</u>	<u>5,080,934</u>
	<u>\$ 12,103,876</u>	<u>\$ 11,318,698</u>

Net investment returns consists of the following for the year ended June 30, 2023:

Interest and dividend income	\$ 271,368
Net realized and unrealized loss on investments	718,464
Management fees	<u>(76,897)</u>
	<u>\$ 912,935</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 – Property and Equipment

Property and equipment consists of the following at June 30, 2023:

Land	\$ 734,580
Buildings and improvements	3,527,304
Website	64,527
Furniture and fixtures	987,940
Equipment	<u>1,471,131</u>
	6,785,482
Less accumulated depreciation	<u>(4,855,086)</u>
	1,930,396
Master plan renovation	<u>323,289</u>
	<u>\$ 2,253,685</u>

Depreciation expense for the year ended June 30, 2023 was allocated as follows:

Catering services	\$ 52,163
Facility rental	30,094
Program services	100,615
Support services	<u>17,755</u>
	<u>\$ 200,627</u>

Construction in progress (“Master plan renovation”) for the year ended June 30, 2023, consists of significant renovations to The Ebell and its facilities. The project is expected to be completed as of June 30, 2033 and total estimated costs are \$60,000,000.

NOTE 6 – Loans

Line of Credit - Bank

The Ebell has a revolving loan financing agreement with a bank which allows for borrowings of up to \$1,900,000, with an interest rate of 2.875%. Borrowings are collateralized by virtually all tangible assets of The Ebell. At June 30, 2023, no amount was drawn-down on the loan financing agreement. The agreement includes certain financial and nonfinancial restrictive covenants, with which The Ebell was compliant at year-end.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 – Loans (Continued)

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 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. On September 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 and change in net assets for the year ended June 30, 2022.

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. On July 14, 2021, the loan amount was updated from \$150,000 to \$500,000. 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 advances. Installment payments, including principal and interest, are due monthly beginning December 2022 for the first loan of \$150,000 and December 2023 for the second loan of \$350,000. During the fiscal year ended June 30, 2023, The Ebell has been making interest only payments based on instructions provided by the SBA. The total balance of principal and any unpaid interest is payable 30 years from the date of the EIDL Agreement. As of June 30, 2023, the outstanding loan balance was \$500,000.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 – Fair Value Measurements (Continued)

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, 2023:

<u>June 30, 2023</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	\$ 29,611	\$ -	\$ 29,611	\$ -
U.S. Treasury notes	1,757,891	-	1,757,891	-
Equities	1,199,810	1,199,810	-	-
Exchange traded funds	4,025,202	4,025,202	-	-
Mutual funds	<u>5,091,362</u>	<u>5,091,362</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,103,876</u>	<u>\$ 10,316,374</u>	<u>\$ 1,787,502</u>	<u>\$ -</u>

NOTE 9 – Net Assets

Net assets restricted by donors, time, or designated by The Ebell at June 30, 2023 are as follows:

Net assets without donor restrictions:

Undesignated	\$ 10,458,807
Board designated for quasi endowment fund	<u>18,400</u>
Total Net Assets Without Donor Restrictions	<u>10,477,207</u>

Net asset with donor restrictions:

Donor restricted for specified purposes:	
The Ebell of Los Angeles Rest Cottage Association - Grants	3,232,835
The Ebell of Los Angeles Scholarship Fund - Scholarships	2,657,900
The Mr. and Mrs. Charles N. Flint Scholarship Fund - Scholarships	1,621,731
Ebell Friends	10,000
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>8,942,024</u>
Total Net Assets	<u>\$ 19,419,231</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

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 to function as endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

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, 2023 by type of fund is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Specified Purpose</u>	<u>Held in Perpetuity</u>	
Board designated endowment fund	\$ 18,400	\$ -	\$ -	\$ 18,400
The Ebell of Los Angeles Scholarship Fund	-	2,657,900	1,379,558	4,037,458
The Mr. and Mrs. Charles N. Flint Scholarship Fund	-	<u>1,621,731</u>	<u>40,000</u>	<u>1,661,731</u>
Total endowment funds	<u>\$ 18,400</u>	<u>\$ 4,279,631</u>	<u>\$ 1,419,558</u>	<u>\$ 5,717,589</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – Endowment (Continued)

Changes in endowment net assets for the year ended June 30, 2023 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	\$ 4,184,878	\$ 1,419,558	\$ 5,622,836
Investment income:				
Investment income, net	-	88,126	-	88,126
Net appreciation	-	287,181	-	287,181
Total investment gain	-	375,307	-	375,307
Additions				
Contributions	-	6,355	-	6,355
Total Additions	-	6,355	-	6,355
Amounts appropriated for expenditure	-	(286,909)	-	(286,909)
End of year	\$ 18,400	\$ 4,279,631	\$ 1,419,558	\$ 5,717,589

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, 2023**

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.

NOTE 11 – Employee Retention Credits

The Employee Retention Credit program (ERC) program was enacted in March 2020 by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer paid to employees from March 2020 through September 2021. During the year ended June 30, 2023, The Ebell recognized \$297,946 of refundable ERC claimed under provision of the CARES Act in the accompanying consolidated statement of activities and change in net assets. The ERC was collected during the year ended June 30, 2023.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 – Supplemental Disclosures of Cash and Noncash Flow Information

	For the Year Ended June 30,	
	2023	2022
Cash paid during the year:		
Interest expense	\$ 20,641	\$ 949
Income taxes	None	\$ 31,900
Noncash Investing Activities		
Accrual of property and equipment in accounts payable	\$ 27,925	\$ -

**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, 2023 and have issued our report thereon dated February 15, 2024, 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 15, 2024

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

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

	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	\$ 8,135,183	\$ 20,508	\$ 43,374	\$ 20,259	\$ 140,269	\$ -	\$ 8,359,593
Accounts receivable	120,064	-	-	-	-	-	120,064
Investments	3,260,653	3,221,341	3,980,699	1,641,183	-	-	12,103,876
Inventories	39,506	-	-	-	-	-	39,506
Prepaid expenses and other assets	114,498	526	5,414	289	-	-	120,727
Intercompany receivables	9,837	5,778	8,890	3,000	1,523	(29,028)	-
Property and equipment, net	<u>2,253,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,253,685</u>
TOTAL ASSETS	<u>\$ 13,933,426</u>	<u>\$ 3,248,153</u>	<u>\$ 4,038,377</u>	<u>\$ 1,664,731</u>	<u>\$ 141,792</u>	<u>\$ (29,028)</u>	<u>\$ 22,997,451</u>
 LIABILITIES AND NET ASSETS							
LIABILITIES							
Accounts payable and accrued expenses	\$ 531,003	\$ 15,318	\$ 919	\$ 3,000	\$ -	\$ (11,360)	\$ 538,880
Deferred income	2,539,340	-	-	-	-	-	2,539,340
Economic Injury Disaster Loan	500,000	-	-	-	-	-	500,000
Intercompany payables	<u>17,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,668)</u>	<u>-</u>
Total Liabilities	<u>3,588,011</u>	<u>15,318</u>	<u>919</u>	<u>3,000</u>	<u>-</u>	<u>(29,028)</u>	<u>3,578,220</u>
 NET ASSETS							
Without donor restrictions							
Undesignated	10,327,015	-	-	-	131,792	-	10,458,807
Board designated	<u>18,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,400</u>
	10,345,415	-	-	-	131,792	-	10,477,207
With donor restrictions	<u>-</u>	<u>3,232,835</u>	<u>4,037,458</u>	<u>1,661,731</u>	<u>10,000</u>	<u>-</u>	<u>8,942,024</u>
Total Net Assets	<u>10,345,415</u>	<u>3,232,835</u>	<u>4,037,458</u>	<u>1,661,731</u>	<u>141,792</u>	<u>-</u>	<u>19,419,231</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,933,426</u>	<u>\$ 3,248,153</u>	<u>\$ 4,038,377</u>	<u>\$ 1,664,731</u>	<u>\$ 141,792</u>	<u>\$ (29,028)</u>	<u>\$ 22,997,451</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, 2023**

	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 Ebell activities	\$ 236,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 236,810
Membership dues	129,165	-	-	-	-	-	129,165
Contributions	149,777	5,025	6,355	-	81,077	(16,387)	225,847
Investment returns, net	309,917	227,711	265,433	109,874	-	-	912,935
Auxiliary services:							
Catering services, net	872,806	-	-	-	-	-	872,806
Facility rental, net	1,417,081	-	-	-	-	-	1,417,081
Employee Retention Credits	297,946	-	-	-	-	-	297,946
Intercompany income, net	18,000	-	-	-	-	(18,000)	-
Total Revenue and Support	<u>3,431,502</u>	<u>232,736</u>	<u>271,788</u>	<u>109,874</u>	<u>81,077</u>	<u>(34,387)</u>	<u>4,092,590</u>
EXPENSES							
Program services	1,632,224	161,000	166,000	88,000	8,000	(16,387)	2,038,837
Support services	268,220	26,891	18,811	14,098	3,632	(18,000)	313,652
Total Expenses	<u>1,900,444</u>	<u>187,891</u>	<u>184,811</u>	<u>102,098</u>	<u>11,632</u>	<u>(34,387)</u>	<u>2,352,489</u>
CHANGE IN NET ASSETS	1,531,058	44,845	86,977	7,776	69,445	-	1,740,101
NET ASSETS AT BEGINNING OF YEAR	<u>8,814,357</u>	<u>3,187,990</u>	<u>3,950,481</u>	<u>1,653,955</u>	<u>72,347</u>	<u>-</u>	<u>17,679,130</u>
NET ASSETS AT END OF YEAR	<u>\$ 10,345,415</u>	<u>\$ 3,232,835</u>	<u>\$ 4,037,458</u>	<u>\$ 1,661,731</u>	<u>\$ 141,792</u>	<u>\$ -</u>	<u>\$ 19,419,231</u>

See Independent Auditors' Report on Supplemental Information