



**IMAGINE LOS ANGELES, INC.  
DBA IMAGINE LA**

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**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
Imagine Los Angeles, Inc.  
dba Imagine LA

### Report on the Financial Statements

We have audited the accompanying financial statements of Imagine Los Angeles, Inc. dba Imagine LA (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2019, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Imagine Los Angeles, Inc. dba Imagine LA as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited Imagine Los Angeles, Inc. dba Imagine LA's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Harrington Group*

Pasadena, California

August 14, 2020

**IMAGINE LOS ANGELES, INC.  
DBA IMAGINE LA**

STATEMENT OF FINANCIAL POSITION

December 31, 2019

With comparative totals at December 31, 2018

	2019	2018
<b>ASSETS</b>		
Cash	\$ 569,998	\$ 385,025
Accounts and grants receivable	92,429	58,510
Pledges receivable (Note 4)	11,000	2,050
Prepaid expenses	27,918	27,338
Property and equipment (Note 5)	73,631	86,581
	<b>774,976</b>	<b>559,504</b>
	<b>\$ 774,976</b>	<b>\$ 559,504</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 28,981	\$ 27,547
Accrued liabilities (Note 6)	79,841	64,299
Line of credit (Note 7)	-	-
	<b>108,822</b>	<b>91,846</b>
	<b>108,822</b>	<b>91,846</b>
<b>NET ASSETS</b>		
Without donor restrictions	306,752	339,410
With donor restrictions (Note 8)	359,402	128,248
	<b>666,154</b>	<b>467,658</b>
	<b>666,154</b>	<b>467,658</b>
	<b>\$ 774,976</b>	<b>\$ 559,504</b>

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

**IMAGINE LOS ANGELES, INC.  
DBA IMAGINE LA**

STATEMENT OF ACTIVITIES  
For the year ended December 31, 2019  
With comparative totals for the year ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019</u>	<u>2018</u>
<b>REVENUE AND SUPPORT</b>				
Contributions and grants	\$ 359,385	\$ 430,527	\$ 789,912	\$ 645,143
Contracts	590,815		590,815	324,890
Special event, net of expenses of \$51,561	203,828		203,828	355,190
In-kind contributions (Note 9)	157,402		157,402	305,547
Other income	289		289	1,507
Nets assets released from restrictions (Note 8)	199,373	(199,373)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>1,511,092</u>	<u>231,154</u>	<u>1,742,246</u>	<u>1,632,277</u>
<b>EXPENSES</b>				
Family mentorship	1,045,487		1,045,487	1,011,961
Management and general	303,042		303,042	268,051
Development	195,221		195,221	213,079
<b>TOTAL EXPENSES</b>	<u>1,543,750</u>	<u>-</u>	<u>1,543,750</u>	<u>1,493,091</u>
<b>CHANGE IN NET ASSETS</b>	(32,658)	231,154	198,496	139,186
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>339,410</u>	<u>128,248</u>	<u>467,658</u>	<u>328,472</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 306,752</u>	<u>\$ 359,402</u>	<u>\$ 666,154</u>	<u>\$ 467,658</u>

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

**IMAGINE LOS ANGELES, INC.**  
**DBA IMAGINE LA**

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019

With comparative totals for the year ended December 31, 2018

	<b>Family Mentorship</b>	<b>Management and General</b>	<b>Development</b>	<b>2019</b>	<b>2018</b>
Salaries	\$ 579,254	\$ 147,426	\$ 108,544	<b>\$ 835,224</b>	\$ 667,954
Payroll taxes and benefits	118,037	31,240	16,273	<b>165,550</b>	143,688
Personnel costs	697,291	178,666	124,817	<b>1,000,774</b>	811,642
In-kind expenses	135,493	14,696	7,213	<b>157,402</b>	305,547
Professional/contractor services	10,215	60,088	38,033	<b>108,336</b>	146,293
Office rent and related expenses	55,932	11,857	7,727	<b>75,516</b>	64,542
Communications and outreach	28,972	6,435	4,866	<b>40,273</b>	14,917
Professional development	22,063	1,885	1,135	<b>25,083</b>	16,406
Travel, mileage, and meetings	16,841	2,876	2,240	<b>21,957</b>	15,308
Depreciation and amortization expenses	14,113	3,593	2,645	<b>20,351</b>	19,429
Computer, equipment, and software	13,467	4,668	1,817	<b>19,952</b>	5,890
Family direct expenses	16,525			<b>16,525</b>	19,778
Telephone, internet, and website	8,574	1,699	1,398	<b>11,671</b>	13,550
Insurance, tax, and license	3,976	5,834	622	<b>10,432</b>	8,560
Office supplies	6,061	1,356	852	<b>8,269</b>	9,065
Information technology service	5,584	1,243	783	<b>7,610</b>	8,787
Postage and printing	5,652	1,030	613	<b>7,295</b>	7,553
Bank and finance charges		5,481	460	<b>5,941</b>	11,212
Event expenses	2,838			<b>2,838</b>	3,883
Other expenses	683	1,635		<b>2,318</b>	8,715
Volunteer expenses	1,207			<b>1,207</b>	2,014
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<b>\$ 1,045,487</b>	<b>\$ 303,042</b>	<b>\$ 195,221</b>	<b>\$ 1,543,750</b>	
	68%	20%	12%	100%	
<b>TOTAL 2018 FUNCTIONAL EXPENSES</b>	<b>\$ 1,011,961</b>	<b>\$ 268,051</b>	<b>\$ 213,079</b>		<b>\$ 1,493,091</b>
	68%	18%	14%		100%

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

**IMAGINE LOS ANGELES, INC.**  
**DBA IMAGINE LA**

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

With comparative totals for the year ended December 31, 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 198,496	\$ 139,186
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	20,351	19,429
(Increase) decrease in operating assets:		
Accounts and grants receivable	(33,919)	57,003
Pledges receivable	(8,950)	16,690
Prepaid expenses	(580)	(4,234)
Increase (decrease) in operating liabilities:		
Accounts payable	1,434	7,947
Accrued liabilities	15,542	17,341
	<b>192,374</b>	<b>253,362</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(7,401)	(6,300)
	<b>(7,401)</b>	<b>(6,300)</b>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment on line of credit	-	(63,000)
Borrowings from line of credit	-	63,000
	-	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>NET INCREASE IN CASH</b>	<b>184,973</b>	<b>247,062</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>385,025</b>	<b>137,963</b>
<b>CASH, END OF YEAR</b>	<b>\$ 569,998</b>	<b>\$ 385,025</b>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Cash paid for interest:	\$ -	\$ 127

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



**IMAGINE LOS ANGELES, INC.**  
**dba IMAGINE LA**

NOTES TO FINANCIAL STATEMENTS

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**1. Organization**

Imagine Los Angeles, Inc. dba Imagine LA (“Imagine LA”) began as an initiative of Bel Air Presbyterian Church, prior to becoming a separate 501(c)(3) in 2006.

Imagine LA believes that, while housing families is a critical first step, housing must be paired with equitable access to resources – including social capital – to ensure families have opportunities to avoid repeat homelessness and build a stable path out of poverty. Imagine LA has one program, The Family Empowerment & Mentorship (FEM) Model, designed to advance equity and break the cycle of intergenerational poverty, homelessness, and neglect. The model is a unique, whole-family approach that leverages a powerful combination of clinical case management, trained volunteer mentors from the community, and financial wellness pathways to build strong family stability, economic independence, and wellbeing.

**MODEL:** Imagine LA’s unique Family Empowerment & Mentorship (FEM) model breaks the cycle of generational poverty and homelessness by providing families who have experienced homelessness (and are now in housing) with intensive case management, volunteer mentorship, workforce development, and links to resources. Imagine LA’s program staff help families set goals and access private and public resources, while our community engagement team recruits and train volunteers who offer 1:1 mentorship to each member of the family (over age 5). Imagine LA also provides a financial wellness mentor to the head of household. While most service providers focus their support on the adult head of household, Imagine LA effectively works with whole families over a 12 to 24 month period. Imagine LA’s model empowers the family to build the relationships, habits, and skills they need to increase their income, integrate into their communities, and establish stability. Ultimately, families who graduate from the program have the tools they need to thrive in the long term.

Last year, Imagine LA launched a robust three-year strategic plan to reach more families with its impactful program while ensuring deep and lasting impact on those we serve. Imagine LA’s strategic plan focuses squarely on continued growth, program enhancement, community engagement, and operational excellence. Imagine LA’s goal is to empower 250 families and engage 750-1,000 mentors annually by 2022.

In 2019, Imagine LA served 104 families (367 unduplicated individuals, 89% headed by single mothers), and 158 mentors.

- Through key partnerships, Imagine LA continued to both deepen and expand its reach geographically in South L.A., Mid-City, Southeast L.A. and in the San Fernando Valley.
- Enhanced Imagine LA’s model to better respond to the higher acuity needs of the families Imagine LA serves by creating a Phase 1: Family Stabilization / Mentor Readiness to its FEM model.
- Built organizational sustainability through continued investment in organizational capacity and systems and an increasingly strong and diverse and funding sources (32% Foundations/Corporations, 33% Government, 26% Individual/Events, 9% In-kind and less than 1% Other), including significantly increasing Imagine LA’s cash reserves and its Line of Credit to cover over three months of operating expenses.

continued

**IMAGINE LOS ANGELES, INC.**  
**dba IMAGINE LA**

NOTES TO FINANCIAL STATEMENTS

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**1. Organization, continued**

Imagine LA is proud to share that last year Imagine LA made strategic investments in additional capacity and expertise to its fund development team and secured two new large Funders (the W.M. Keck Foundation and the Jewish Federation RPO 2.0 giving circle). Imagine LA added four new Board members who reflect the backgrounds of the families Imagine LA serves, including people of color and people with lived experience. Imagine LA enhanced the FEM model and strengthened its information systems to better track program and donor processes, and outcomes. And, Imagine LA increased its mentor recruiting capabilities by expanding its Alumni Ambassador Corps from 5 to 22. All of these activities serve to strengthen Imagine LA's capacity to continue to grow and scale its high impact model.\*

**IMPACT:** In 2019, 98% of families enrolled in Imagine LA's program maintained their housing and a good relationship with their landlord. Imagine LA's families demonstrated heightened financial literacy (including budgeting and saving, completing taxes, utilizing the banking system, increasing earned income, and decreasing debt). The majority of Imagine LA's families are working, in school, or on workforce development pathways. The vast majority of Imagine LA's family members are receiving regular healthcare, and youth participants are progressing in reaching their developmental milestones, embracing school and extracurricular activities and, if applicable, pursuing post-secondary education.

Imagine LA continues to learn from its work and refines its model to better empower Imagine LA's families with the skills they need to achieve financial stability. Imagine LA is excited to report that in 2019, Imagine LA secured funding from the Carl and Roberta Deutsch Foundation for its new Workforce Development Pathways with Childcare and enhanced Financial Wellness Initiative. The Financial Wellness Pathways Taskforce, a group of highly curated multi-sector subject matter experts, is leading this to create viable pathways to living wage jobs, with childcare and with financial literacy training, to create long term financial stability for Imagine LA's families. Looking ahead to 2020, Imagine LA strives to grow and enhance its capacity to serve more families in Los Angeles County.

\* Please note with regard to allocated functional expenses that Imagine LA's 2019 capacity building efforts temporarily increased the percentage of administrative expenses and that the introduction of an additional pre-mentorship phase to its program temporarily decreased its use of mentors for a 6-month period and thus the amount of in-kind mentor contributions and expenses (see Note 9). In the future, with expected program growth, Imagine LA's administrative allocation percentage should adjust downward and the program allocation percentage should adjust upward.

**2. Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

continued

**IMAGINE LOS ANGELES, INC.**  
**dba IMAGINE LA**

NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**Net Assets**

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

**Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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

**Accounts Receivable**

Imagine LA's accounts receivable are primarily earned receivables from partners and are deemed fully collectible. As such, no allowance for doubtful receivables has been recorded.

**Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

**Property and Equipment**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred.

Property and equipment are capitalized if the cost of an asset is greater than or equal to five hundred dollars and the useful life is greater than one year.

**IMAGINE LOS ANGELES, INC.**  
**dba IMAGINE LA**

NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**Donated Materials and Services**

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended December 31, 2019, Imagine LA received \$157,402 in donations of material or services that satisfy the criteria of recognition, \$26,348 and \$131,054 related to donations of goods and services, respectively, for operations (see Note 9). In 2019, there was a significant decrease (50%) in in-kind mentor related services (compared to 2018) due to the introduction of a pre-mentorship phase to the Imagine LA primary program. Long-term, Imagine LA expects this to be just a timing difference.

**Concentration of Credit Risks**

Imagine LA places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Imagine LA has not incurred losses related to these investments.

**Fair Value Measurements**

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

Imagine LA is required to measure pledged contribution and donated services at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relates to each element.

**Income Taxes**

Imagine LA is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Imagine LA in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Imagine LA's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

continued

**IMAGINE LOS ANGELES, INC.**  
**dba IMAGINE LA**

NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**Functional Allocation of Expenses**

Costs of providing Imagine LA's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit Imagine LA uses salary dollars to allocate indirect costs.

**Use of Estimates**

The preparation of 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, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

**Recently Adopted Accounting Pronouncements**

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. Imagine LA has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on the net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assist entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Imagine LA has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

**Revenue and Revenue Recognition**

Imagine LA recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

continued

**IMAGINE LOS ANGELES, INC.**  
**dba IMAGINE LA**

NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

Imagine LA received a \$150,000 conditional grant from a foundation during the year ended December 31, 2019. This conditional grant will be paid over three years at \$50,000 per year. The first \$50,000 was paid upon acceptance of grant agreement, and has been recorded by Imagine LA. The second payment will be paid as the lead gift in a \$100,000 fundraising campaign (\$50,000 to be raised and the \$50,000 match from the foundation). Imagine LA can hold the campaign in the first or second year of this grant. The third year's payment shall be made on the same basis as the second year's payment. Imagine LA will record the remaining \$100,000 when it satisfies the conditions (barriers) in the grant.

**Comparative Totals**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Imagine LA's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**3. Liquidity and Availability of Resources**

The following reflects Imagine LA's financial assets as of December 31, 2019, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions. The contributions receivables are subject to implied time restrictions but are expected to be collected within one year. Imagine LA strives to maintain financial assets, which mainly consist of cash on hand to meet 60 days of normal operating expenses. Imagine LA has a master service agreement with the Los Angeles County Department of Health Services that covers, on a fee-for-service basis, a minimum of 65% of program costs. This is an expandable 10-year contract. As more fully described in Note 7, Imagine LA also has a line of credit in the amount of \$125,000, which it could draw upon in the event of an unanticipated liquidity need.

Financial assets available to meet cash needs for general expenditures consist of the following:

Cash	\$ 569,998
Accounts and pledges receivable	<u>103,429</u>
Total financial assets	673,427
Less: contractual or donor-imposed restrictions (by time or purpose)	<u>(359,401)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 314,026</u>

**4. Pledges Receivable**

Pledges receivable of \$11,000 at December 31, 2019 are recorded at their realizable value and are deemed fully collectible. Therefore, no allowance for doubtful pledges is recorded. Pledges receivable are expected to be collected within one year.

continued

**IMAGINE LOS ANGELES, INC.**  
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NOTES TO FINANCIAL STATEMENTS

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**5. Property and Equipment**

Property and equipment at December 31, 2019 consist of the following:

Furniture and equipment	\$ 73,766
Leasehold improvements - Granada	57,410
Website	12,259
Less: accumulated amortization	<u>(69,804)</u>
	<u>\$ 73,631</u>

Depreciation and amortization expense for the year ended December 31, 2019 was \$20,351.

**6. Accrued Liabilities**

Accrued liabilities at December 31, 2019 consist of the following:

Accrued payroll	\$46,548
Accrued vacation	22,351
Other accrued liabilities	<u>10,942</u>
	<u>\$79,841</u>

**7. Line of Credit**

Imagine LA has a line of credit with a bank, in the amount of \$125,000, bearing interest at 4.625%. The line of credit renews on August 8, 2019. As of December 31, 2019, there was no outstanding balance.

**8. Net Assets With Donor Restrictions**

Imagine LA's donor restricted net assets at December 31, 2019 are restricted for the following:

Regional Expansion Project	\$185,226
Family Financial Wellness	136,385
Family Mentorship	13,903
Pledges (time restriction)	11,000
Ambassadors project	8,678
Family Emergency and Investment	4,000
Financial stability and asset building	<u>210</u>
	<u>\$359,402</u>

For the year ended December 31, 2019, net assets released from donor restrictions were \$199,373, of which \$197,323 was released from program restrictions and \$2,050 from time restrictions.

continued

**IMAGINE LOS ANGELES, INC.**  
**dba IMAGINE LA**

NOTES TO FINANCIAL STATEMENTS

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**9. In-kind Contributions**

In-kind contributions for the year ended December 31, 2019 consist of the following:

Trained program mentors (services)	\$ 70,454
Other professional services	60,400
Donated goods for program	26,348
Donated services for program	<u>200</u>
	<u>\$157,402</u>

Due to introduction of a new pre-mentorship phase to its program in 2019, which delays the introduction of mentors for approximately six months (while the family stabilizes in their new homes), the number of mentor hours dropped significantly in 2019 (compared to 2018). Imagine LA views this as a timing difference as the mentor hours will "catch up" over time.

**10. Fair Value Measurements**

The table below represents revenues measured at fair value on a non-recurring basis during the year ended December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed services, materials, and mentors	\$ -	\$157,402	\$ -	<b>\$157,402</b>
Pledged contributions - new	<u>          </u>	<u>          </u>	<u>11,000</u>	<u>11,000</u>
Fair value at December 31, 2019	<u>\$ -</u>	<u>\$157,402</u>	<u>\$11,000</u>	<u>\$168,402</u>

The fair value of contributed services, materials, and mentors are measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of pledged contributions - new are measured on a non-recurring basis using the value provided by the donor at the date of pledge and with consideration given to the pledge worthiness of the donor (Level 3 inputs).

continued



**IMAGINE LOS ANGELES, INC.**  
**dba IMAGINE LA**

NOTES TO FINANCIAL STATEMENTS

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**11. Commitments and Contingencies**

**Obligations Under Operating Leases**

Imagine LA leases various facilities under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with an initial or remaining term of one year or more, consist of the following:

<u>Year ending December 31,</u>	
2020	\$ 73,235
2021	75,348
2022	83,995
2023	986
2024	164
	<u>\$233,728</u>

Rental expense under operating leases for the twelve months ended December 31, 2019 was \$64,685

**12. Subsequent Events**

COVID-19

Following the Los Angeles City, County, and State “Safer-at-Home” order to close all non-essential business activities, Imagine LA has been conducting business as usual under the isolation protocols. Imagine LA is continually monitoring its financial and operational needs during this time. The long-term, overall impact of the COVID-19 virus on our organization Imagine LA cannot be foreseen at this time and is not reflected in these financial statements.

Imagine LA applied for a Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”) loan, as provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The amount of the loan was \$166,500 and was received on April 22, 2020. All SBA loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the PPP regulations.

Management has evaluated subsequent events through August 14, 2020, the date which the financial statements were available for issue. No events or transactions have occurred during this period, other than those noted above, that appear to require recognition or disclosure in the financial statements.