

**CORO SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

JUNE 30, 2017

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 12

R.H. JOHNSTON ACCOUNTANCY INC.

**A Professional Corporation
16350 Ventura Boulevard, Suite D-502
Encino, California 91436
(818) 789-4346**

INDEPENDENT AUDITOR'S REPORT

July 26, 2017

Board of Directors
Coro Southern California, Inc.
Los Angeles, California

We have audited the accompanying financial statements of Coro Southern California, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coro Southern California, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on page 5 is presented for the purpose of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

R.H. Johnston Accountancy LLC

CORO SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

ASSETS:

Cash and cash equivalents (Note A)	\$ 334,433
Beneficial interest in California Community Foundation (Notes A and B)	728,857
Grants and pledges receivable	66,000
Tuition notes receivable	32,480
Prepaid expenses	4,502
Furniture and equipment - Net of accumulated depreciation of \$3,805 (Note A)	<u>3,458</u>

TOTAL ASSETS

\$ 1,169,730

LIABILITIES AND NET ASSETS:

Accounts payable and accrued expenses	\$ 3,470
Deferred revenue	<u>25,750</u>
	<u>29,220</u>

COMMITMENTS (Note F)

NET ASSETS:

Unrestricted	464,736
Temporarily restricted (Note D)	246,881
Permanently restricted (Notes D and E)	<u>428,893</u>
	<u>1,140,510</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 1,169,730

See notes to the financial statements.

CORO SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT:				
Charitable contributions	\$ 155,432	\$ 185,954	\$ -	\$ 341,386
Fundraising events -Net of direct costs of \$143,103	285,547	-	-	285,547
Project fees	164,500	-	-	164,500
Tuition and fees	58,950	-	-	58,950
Unrealized gains on investments - Net	86,982	-	-	86,982
Net assets released upon satisfaction of program restrictions	<u>110,833</u>	<u>(110,833)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>862,244</u>	<u>75,121</u>	<u>-</u>	<u>937,365</u>
FUNCTIONAL EXPENSES:				
Program services	569,193			569,193
General and administrative	67,672			67,672
Fundraising	<u>70,419</u>			<u>70,419</u>
Total functional expenses	<u>707,284</u>			<u>707,284</u>
CHANGE IN NET ASSETS	154,960	75,121	-	230,081
NET ASSETS - Beginning	<u>309,776</u>	<u>171,760</u>	<u>428,893</u>	<u>910,429</u>
NET ASSETS - Ending	<u>\$ 464,736</u>	<u>\$ 246,881</u>	<u>\$ 428,893</u>	<u>\$ 1,140,510</u>

See notes to the financial statements.

CORO SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services	General and Administrative	Fundraising	Total
Personnel:				
Salaries	\$ 260,488	\$ 39,333	25,702	\$ 325,523
Payroll taxes	22,203	4,836	2,157	29,196
Health insurance	14,785	2,382	1,580	18,747
 Total personnel	 297,476	 46,551	 29,439	 373,466
Operations:				
Data management	7,638	1,682	22,310	31,630
Dues and subscriptions	60	17	7	84
Insurance	9,574	966	999	11,539
Interest	-	2,598	-	2,598
Marketing and development	25,510	2,854	2,373	30,737
Meetings and training	3,552	2,042	493	6,087
Miscellaneous	645	(53)	70	662
Office expense and supplies	7,067	476	330	7,873
Printing	6,640	368	291	7,299
Professional services	53,435	6,575	10,638	70,648
Rent (Note F)	25,519	2,985	2,740	31,244
Staff development	2,191	381	219	2,791
Stipends	117,675	-	-	117,675
Telephone	1,674	193	181	2,048
Travel	10,537	37	329	10,903
Total operations	271,717	21,121	40,980	333,818
 Total functional expenses	 \$ 569,193	 \$ 67,672	 \$ 70,419	 \$ 707,284
	80.5%	9.5%	10.0%	100.0%

See notes to the financial statements.

CORO SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 230,081
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	672
Increase in beneficial interest in California Community Foundation	(28,454)
Change in current assets and liabilities:	
Increase in grants and pledges receivable	(4,300)
Increase in prepaid expenses and other current assets	(9,692)
Decrease in accounts payable and accrued expenses	(59,756)
Increase in deferred income	<u>10,750</u>
Net cash provided by operating activities	139,301
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of furniture and equipment	<u>(1,963)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	137,338
CASH AND CASH EQUIVALENTS - Beginning of year	<u>197,095</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 334,433</u></u>

See notes to the financial statements.

CORO SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Coro Southern California, Inc. (“Organization”) is a nonprofit corporation established in Los Angeles in 1957 and separately incorporated the Southern California operations in 1990. The Organization’s mission is to strengthen the democratic process by preparing individuals for effective and ethical leadership in public affairs. It pursues this mission by conducting nonpartisan training, research, and education in the field of public affairs. Similar, separately incorporated Coro centers operate in New York, Pittsburgh, San Francisco and St. Louis.

Financial Statement Presentation

The accompanying financial statements are presented using the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to three classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Accounting for Contributions and Pledges

Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any donor restrictions. Unrestricted contributions are recognized as an increase in unrestricted net assets when received. Contributions restricted by the donors are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the donor-imposed restriction. Additionally, promises to contribute in future periods are recognized as temporarily restricted. When the restrictions are satisfied, either by the passage of time or by accomplishing the purpose, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the activity statement as net assets released from restriction. When restrictions are satisfied in the same accounting period as the receipt of the contribution, the Organization reports both the revenue and the related expense, if any, in the unrestricted net asset class.

Unconditional promises to contribute in future periods are measured at their present value of estimated cash flows at the time of the promise is made. The present value discount is amortized to contribution revenue over the term of the pledge.

The value of significant contributed goods and services is reflected as contributions if an objective basis is available to measure the fair value of such goods and services at the date of the donation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

CORO SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Beneficial Interest in California Community Foundation

The Organization has an agreement with California Community Foundation (“Foundation”), whereby the Foundation holds an endowment fund (“Fund”) for the Organization. The Organization is named as the beneficiary of the Fund and has the unconditional right to receive all of the cash flows from it. The Foundation has the discretion to distribute any future earnings for the broad charitable uses and purposes of the Organization.

Fair Value Measurements

Accounting standards require an organization to establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value for financial statements. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on available inputs to measure the fair value of its investments.

Level 1 Fair Value Measurements

The fair values of common stock, most corporate bonds and debentures, and U.S. Government securities are based on quoted market value.

Level 2 Fair Value Measurements

The fair value of certain corporate bonds and debentures for which quoted market price are not available are valued based on observable inputs other than the quoted prices included in Level 1; for example, quoted market-based prices of similar assets.

Level 3 Fair Value Measurements

The fair value of certain investments which have no quoted market price or similar assets with quoted market-based prices are considered to have no observable inputs. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. Therefore, unobservable inputs shall reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset.

CORO SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Furniture and Equipment and Related Depreciation

Furniture and equipment are stated at cost. Donations of furniture and fixtures are recorded at fair market value at the date of the donation. The Organization capitalizes expenditures for property and equipment items in excess of \$1,000, lesser amounts are expensed. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets of five to seven years.

Functional Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Certain expenses are associated with more than one program or supporting service have been allocated among the programs and supporting services benefitted based on management's estimates of time spent on various programs and services.

Income Taxes

The Organization is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization is classified by the Internal Revenue Service as other than a private foundation.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2017.

The Organization's Federal Forms 990, Return of Organization Exempt From Income Tax, are subject to examination by the IRS, generally for three years after they are filed, and remain open for the years ended June 30, 2014 through 2016. The California forms 199, California Exempt Organization Annual Information Return, are subject to examination by the Franchise Tax Board, generally for four years after they are filed, and remain open for the years ended June 30, 2013 through 2016.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CORO SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)**

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Concentration of Credit Risk

Financial instruments which potentially expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, beneficial interest in California Community Foundation and grants receivable.

Cash and cash equivalents are placed in high-credit quality financial institutions. At times the amounts on deposit at a bank may be in excess of the FDIC insurance limits. The Organization has not incurred losses related to the cash and cash equivalents.

The grants and pledges receivable are from foundations, businesses and individuals for grants, contributions, project fees and events. The Organization received 18% of its total revenue and support from four grantors or event sponsors during the year. Grants and pledges are collectible within one year.

Date of Management's Review

Subsequent events were evaluated through July 26, 2017, which is the date the financial statements were available to be issued.

B. FAIR VALUE MEASUREMENT

Fair value measurement at June 30, 2017 is as follows:

	<u>Fair Value</u>	Quoted Prices In Active Markets or Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Beneficial interest in California Community Foundation	\$ 728,857	\$ -	\$ -	\$ 728,857

Fair value measurements using significant unobservable inputs (Level 3) for the year ended December 31, 2017 are as follows:

Beginning balance	\$ 700,403
Withdrawal	(55,000)
Change in value - Net	<u>83,454</u>
Ending balance	<u>\$ 728,857</u>

CORO SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

C. LINE OF CREDIT

The Organization maintains an unused line of credit with a bank in the amount of \$175,000. The line of credit matures November 1, 2017 and is collateralized by all business personal property. Interest on advances is due monthly at 6% per annum.

D. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes;

Future programs	\$ 91,667
Cumulative endowment earnings	<u>155,214</u>
	<u>\$ 246,881</u>

Permanently restricted net assets are available for the following purposes:

Leaders Circle Endowment Fund	\$ 70,514
Sherry Kurland Scholarship Fund	53,973
Coro Fellows Endowment Fund	<u>304,406</u>
	<u>\$ 428,893</u>

E. ENDOWMENT FUNDS

The Organization's endowments consist of three donor-restricted endowment gifts ("Funds"). The Organization's Board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") adopted by the State of California as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and © 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified in unrestricted net assets until those amounts are appropriated for expenditure by the Organization with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect on inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the organization, and (7) the investment policies of the organization.

CORO SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

E. ENDOWMENT FUNDS (Continued)

Activity in the endowment funds during the year ended June 30, 2017 was as follows:

Endowment funds - Beginning of year	\$ 428,893
Assets released upon satisfaction of program restrictions	<u> -</u>
Endowment funds - End of year	<u><u>\$ 428,893</u></u>

The Funds are invested in cash equivalents and beneficial interest in California Community Foundation to limit risk.

F. COMMITMENTS

In March 2016, the Organization entered into a memorandum of understanding with another nonprofit organization to sublet office space. A former member of the Board of Directors of the Organization is the president of the subletting organization. The agreement is month-to-month with current monthly rent based on space occupied. The rent expense for the year ended June 30, 2017 was \$31,244.