

**THE MAYOR'S FUND
FOR LOS ANGELES**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

THE MAYOR'S FUND FOR LOS ANGELES

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

CONTENTS

	Page
Independent Auditor's Report.....	1
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

**AUDIT
AND
ASSURANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Mayor's Fund For Los Angeles

Report on the Financial Statements

We have audited the accompanying financial statements of The Mayor's Fund For Los Angeles which comprise the statement of financial position as of June 30, 2021, 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.

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 The Mayor's Fund For Los Angeles as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
The Mayor's Fund For Los Angeles
Page 2

Report on Summarized Comparative Information

We have previously audited The Mayor's Fund For Los Angeles' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 2, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

December 9, 2021
Los Angeles, California

THE MAYOR'S FUND FOR LOS ANGELES

STATEMENT OF FINANCIAL POSITION

June 30, 2021

With Summarized Totals at June 30, 2020

ASSETS	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 12,206,802	\$ 15,746,780
Investments	1,698,191	1,805,495
Refund Receivable	1,058,451	-
Pledges Receivable (Net)	1,284,556	1,371,005
Property and Equipment (Net)	60,667	80,254
Other Assets	<u>20,168</u>	<u>28,872</u>
TOTAL ASSETS	<u>\$ 16,328,835</u>	<u>\$ 19,032,406</u>
 LIABILITIES AND NET ASSETS 		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 1,006,031	\$ 2,930,796
NET ASSETS:		
Without Donor Restrictions - Undesignated	1,376,002	1,969,874
Without Donor Restrictions - Board Designated	500,000	500,000
With Donor Restrictions	<u>13,446,802</u>	<u>13,631,736</u>
TOTAL NET ASSETS	<u>15,322,804</u>	<u>16,101,610</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,328,835</u>	<u>\$ 19,032,406</u>

The Accompanying Notes are an Integral Part of These Financial Statements

THE MAYOR'S FUND FOR LOS ANGELES

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
PUBLIC SUPPORT AND OTHER INCOME:				
Contributions	\$ 586,624	\$ 19,970,015	\$ 20,556,639	\$ 58,722,188
In-Kind Contributions	1,545,164	-	1,545,164	213,000
Investment Return (Net)	4,326	-	4,326	42,032
Other Income	49,116	-	49,116	75,054
Net Assets Released from Donor Restrictions	20,154,949	(20,154,949)	-	-
TOTAL PUBLIC SUPPORT AND OTHER INCOME	22,340,179	(184,934)	22,155,245	59,052,274
EXPENSES:				
Program Services	22,068,765	-	22,068,765	51,214,537
Supporting Services:				
Management and General	736,408	-	736,408	525,694
Fundraising	128,878	-	128,878	135,864
TOTAL EXPENSES	22,934,051	-	22,934,051	51,876,095
CHANGE IN NET ASSETS	(593,872)	(184,934)	(778,806)	7,176,179
Net Assets - Beginning of Year	2,469,874	13,631,736	16,101,610	8,925,431
NET ASSETS - END OF YEAR	\$ 1,876,002	\$ 13,446,802	\$ 15,322,804	\$ 16,101,610

The Accompanying Notes are an Integral Part of These Financial Statements

THE MAYOR'S FUND FOR LOS ANGELES

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	2021								2020 Total
	Program Services				Total Program Services	Supporting Services			
	Economic Prosperity	Quality of Life	Government Efficiency	Community Resiliency		Management and General	Fundraising	Total	
Salaries	\$ 422,236	\$ 246,337	\$ 474	\$ 282,940	\$ 951,987	\$ 254,727	\$ 91,766	\$ 1,298,480	\$ 969,092
Employee Benefits	70,568	46,432	110	58,162	175,272	38,286	20,356	233,914	189,475
TOTAL PERSONNEL COSTS	492,804	292,769	584	341,102	1,127,259	293,013	112,122	1,532,394	1,158,567
Program Costs	1,032,119	980,399	34,900	16,087,138	18,134,556	-	-	18,134,556	45,933,712
In-Kind Expense	454,848	2,363	61	1,086,439	1,543,711	1,236	217	1,545,164	213,000
Contract Services	266,011	120,667	-	722,367	1,109,045	5,288	-	1,114,333	3,710,557
Professional Fees	310	-	-	-	310	236,539	-	236,849	188,454
Communications	26,081	2,000	-	11,619	39,700	121,265	-	160,965	106,245
Other Expense	9,897	5,596	38	23,527	39,058	48,450	2,336	89,844	168,290
Dues and Membership	8,256	1,476	50	465	10,247	24,580	12,500	47,327	41,602
Marketing and Promotion	6,794	-	-	20,708	27,502	-	-	27,502	75,000
Insurance	1,245	942	24	11,561	13,772	2,941	1,484	18,197	17,988
Event Expense	11,536	-	461	1,960	13,957	280	-	14,237	203,979
Bank Charges	-	-	-	7,361	7,361	2,380	-	9,741	52,143
Office Expense	184	139	4	1,960	2,287	436	219	2,942	6,558
TOTAL	\$ 2,310,085	\$ 1,406,351	\$ 36,122	\$ 18,316,207	\$ 22,068,765	\$ 736,408	\$ 128,878	\$ 22,934,051	\$ 51,876,095

The Accompanying Notes are an Integral Part of These Financial Statements

THE MAYOR'S FUND FOR LOS ANGELES

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (778,806)	\$ 7,176,179
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation	22,280	12,987
Net Realized and Unrealized Loss on Investments	1,603	7,379
Change in Present Value Discount on Pledges Receivable	(7,658)	(2,437)
Contributed Stock	(25,529)	(220,646)
(Increase) Decrease in:		
Refund Receivable	(1,058,451)	-
Pledges Receivable	94,107	515,171
Other Assets	8,704	(12,796)
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	(1,924,765)	1,121,181
	(3,668,515)	8,597,018
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
	(3,668,515)	8,597,018
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(2,693)	(49,998)
Interest and Dividends Reinvested	(5,682)	(49,361)
Proceeds on Sale of Investments	136,912	108,132
	128,537	8,773
NET CASH PROVIDED BY INVESTING ACTIVITIES		
	128,537	8,773
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,539,978)	8,605,791
Cash and Cash Equivalents - Beginning of Year	15,746,780	7,140,989
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 12,206,802	\$ 15,746,780

The Accompanying Notes are an Integral Part of These Financial Statements

THE MAYOR'S FUND FOR LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - ORGANIZATION

The Mayor's Fund For Los Angeles (the Mayor's Fund) is dedicated to improving the lives of Los Angeles residents through public-private partnerships that yield innovative, transformative, and impact-driven solutions to the City's most pressing challenges. The Mayor's Fund was granted its independent nonprofit status by the IRS under the 501(c)(3) public benefit designation on October 27, 2014.

The Mayor's Fund works throughout Los Angeles, enhancing economic prosperity, government efficiency, community resiliency, and overall quality of life for residents. Its programs address both current and future needs in partnership with the City, insisting on rigorous standards with measurable impact.

As mayoral administrations change over time, the Mayor's Fund will maintain its independence and non-partisan nature, focusing on the long-term vitality, resilience, and success of the City and its residents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

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

(b) NET ASSETS

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

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.
- **Net Assets With Donor Restrictions.** Net assets subject to donor-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.

THE MAYOR'S FUND FOR LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) CASH AND CASH EQUIVALENTS AND CONCENTRATION OF CREDIT RISK

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2021 approximates its fair value.

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

(d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. Securities are generally held in custodial investment accounts administered by financial institutions. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the statement of activities and represent the difference between the cost and fair value of investments held at the end of the fiscal year.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility.

(e) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions, including endowment gifts and pledges, as well as unconditional promises to give, are recognized as revenue in the period promised. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not included as revenue until the conditions on which they depend have been met. Discounts for pledges (pledges due over one year) are recorded as reductions to contribution revenue and pledges receivable. Present value discounts are amortized to contribution revenue as pledge payments are received.

At June 30, 2021, the Mayor's Fund evaluated the collectability of pledges receivable and no allowance for uncollectible pledges was considered necessary.

(f) PROGRAM COSTS

Program costs in the statement of functional expenses include contributions and grants approved by the Mayor's Fund's Board of Directors. At June 30, 2021, the refund receivable of \$1,058,451 represents unexpended grant funds that were returned to the Mayor's Fund in July 2021.

THE MAYOR'S FUND FOR LOS ANGELES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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, generally three to five years for office equipment and software. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year.

(h) LONG-LIVED ASSETS

The Mayor's Fund reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets 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 fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2021.

(i) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash 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, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Mayor's Fund recognized \$1,545,164 of in-kind contribution revenue for the year ended June 30, 2021, which includes in-kind office and storage space of \$36,000, legal services of \$24,246 and in-kind communications and technology of \$1,484,918.

(j) INCOME TAXES

The Mayor's Fund is exempt from federal taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with the Financial Accounting Standards Board's (FASB's) Accounting Standards Codification Topic No. 740, *Uncertainty in Income Taxes*, the Mayor's Fund recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2020, the Mayor's Fund performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

THE MAYOR'S FUND FOR LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Mayor's Fund'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. The Mayor's Fund uses salary dollars to allocate indirect costs.

(l) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(m) RECLASSIFICATIONS

For comparability, certain June 30, 2020 balances have been reclassified, where appropriate, to conform with the financial statement presentation used at June 30, 2021.

(n) COMPARATIVE TOTALS

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

(o) NEW ACCOUNTING PRONOUNCEMENTS

In September 2020, FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For the Mayor's Fund, the ASU will be effective for the year ending June 30, 2022.

THE MAYOR'S FUND FOR LOS ANGELES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) SUBSEQUENT EVENTS

The Mayor's Fund evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2021, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 9, 2021, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Mayor's Fund has implemented the accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. The standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table presents information about the Mayor's Fund's assets that are measured at fair value on a recurring basis at June 30, 2021, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 634,846	\$ 634,846	\$ -	\$ -
Bond Mutual Funds	230,577	230,577	-	-
Money Market Mutual Fund	832,768	832,768	-	-
TOTAL INVESTMENTS	\$ 1,698,191	\$ 1,698,191	\$ -	\$ -

The fair values of the mutual funds within Level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year. These investments can be redeemed daily.

THE MAYOR'S FUND FOR LOS ANGELES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 4 - PLEDGES RECEIVABLE

At June 30, 2021, pledges receivable are due to be received as follows:

Within One Year	\$ 828,000
One to Five Years	<u>475,000</u>
TOTAL	1,303,000
Less: Present Value Discount at 2%	<u>(18,444)</u>
TOTAL PLEDGES RECEIVABLE (NET)	<u>\$ 1,284,556</u>

NOTE 5 - PROPERTY AND EQUIPMENT

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

Office Equipment	\$ 64,009
Software	<u>49,998</u>
TOTAL	114,007
Less: Accumulated Depreciation	<u>(53,340)</u>
TOTAL PROPERTY AND EQUIPMENT (NET)	<u>\$ 60,667</u>

Depreciation expense for the year ended June 30, 2021 was \$22,280.

NOTE 6 - EMPLOYEE BENEFIT PLAN

The Mayor's Fund sponsors an Internal Revenue Code Section 403(b) qualified defined contribution retirement plan covering all of its employees, subject to eligibility requirements. The Mayor's Fund contributes up to a 5% match for employees contributing to the plan, in accordance with plan provisions. Employer contributions under this plan for the year ended June 30, 2021 were \$52,764.

THE MAYOR'S FUND FOR LOS ANGELES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of undesignated and Board designated amounts as follows at June 30, 2021:

Undesignated	\$ 1,376,002
Board Designated Operating Reserve	<u>500,000</u>
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 1,876,002</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2021:

Community Resiliency	\$ 9,403,938
Economic Prosperity	1,969,751
Quality of Life	738,557
Government Efficiency	50,000
Pledges Receivable Restricted by Purpose and Time	<u>1,284,556</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 13,446,802</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2021:

Community Resiliency	\$ 16,919,083
Quality of Life	1,378,671
Economic Prosperity	1,821,784
Government Efficiency	<u>35,411</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 20,154,949</u>

THE MAYOR'S FUND FOR LOS ANGELES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Mayor's Fund at June 30, 2021 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2021:	
Cash and Cash Equivalents	\$ 12,206,802
Investments	1,698,191
Refund Receivable	1,058,451
Pledges Receivable (Net)	<u>1,284,556</u>
TOTAL FINANCIAL ASSETS AT JUNE 30, 2021	16,248,000
Less Amounts Not Available to Be Used within One Year, Due to:	
Board Designations:	(500,000)
Donor-Imposed Restrictions:	
Funds Held with Purpose Restrictions	(12,162,246)
Pledges Receivable Restricted by Purpose and Time	<u>(1,284,556)</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 2,301,198</u>

The Mayor's Fund regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the Mayor's Fund's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Mayor's Fund has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. In addition, it has a Board designated operating reserve of \$500,000 that could be drawn upon for emergency liquidity needs.