

**ORANGE COUNTY INTERGROUP
ASSOCIATION, INC.**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

**WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT**



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Orange County Intergroup Association, Inc.
Santa Ana, California

We have reviewed the accompanying financial statements of Orange County Intergroup Association, Inc. (a nonprofit organization) (the "Association"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Association's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Irvine, California
January 5, 2022



ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 164,769
Inventory	40,077
Prepaid expenses	<u>2,534</u>
Total Current Assets	207,380
Capital Assets:	
Computer and office equipment	59,037
Furniture and fixtures	17,778
Leasehold improvements	<u>2,500</u>
Total Capital Assets, at Cost	79,315
Less: Accumulated depreciation	<u>(63,800)</u>
Total Capital Assets, at Net Book Value	15,515
Other Assets:	
Refundable deposits	<u>3,270</u>
Total Other Assets	<u>3,270</u>
Total Assets	<u><u>\$ 226,165</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accrued expenses	\$ 4,226
Current portion of capital lease obligations	<u>7,072</u>
Total Current Liabilities	11,298
Long-Term Liabilities:	
Capital lease obligations	<u>5,461</u>
Total Long-Term Liabilities	<u>5,461</u>
Total Liabilities	16,759
Net Assets:	
Without Donor Restrictions	<u>209,406</u>
Total Net Assets	<u>209,406</u>
Total Liabilities and Net Assets	<u><u>\$ 226,165</u></u>

See accompanying notes and independent accountants' review report.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Support, Revenues, and Gains:	
Donations and public support	\$ 214,995
Literature sales	80,492
Interest income	86
Other income	705
	296,278
Total Support, Revenues, and Gains	296,278
Functional Expenses:	
Program Services:	
Alcoholism prevention and treatment	125,225
Supporting Services:	
Management and general	164,303
	289,528
Total Functional Expenses	289,528
Change in Net Assets Without Donor Restrictions	6,750
Net Assets Without Donor Restrictions - Beginning of Year	202,656
Net Assets Without Donor Restrictions - End of Year	\$ 209,406

See accompanying notes and independent accountants' review report.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	
	Alcoholism Prevention and Treatment	Management and General	<u>Total</u>
Functional Expenses:			
Accounting	\$ -	\$ 11,695	\$ 11,695
Auto expense	-	321	321
Convention and event expense	141	-	141
Copier expense	-	197	197
Credit card expense	-	2,517	2,517
Depreciation	1,344	6,788	8,132
Employee benefits	-	5,250	5,250
Insurance	-	1,620	1,620
Internet	-	1,652	1,652
Interest expense	-	956	956
Lease expense	-	432	432
Lifeline expense	11,821	-	11,821
Literature	69,629	-	69,629
Meeting expense	939	-	939
Office expense	-	4,568	4,568
Outside service	-	24	24
Payroll taxes	-	8,145	8,145
Postage	-	693	693
Program events	3,153	-	3,153
Public information	2,499	-	2,499
Rent	31,858	9,989	41,847
Repairs and maintenance	-	2,723	2,723
Salaries and wages	-	94,407	94,407
Taxes and licenses	-	250	250
Telephone	3,841	1,296	5,137
Utilities	-	572	572
Volunteer expenses	-	427	427
Website expense	-	9,781	9,781
	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 125,225</u>	<u>\$ 164,303</u>	<u>\$ 289,528</u>

See accompanying notes and independent accountants' review report.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating Activities:	
Increase in Net Assets Without Donor Restrictions	\$ 6,750
Noncash Item Included in Increase in Net Assets Without Donor Restrictions:	
Depreciation	8,132
Changes in:	
Receivables	5,466
Inventory	4,485
Prepaid expenses	(1,426)
Accrued expenses	<u>(6,186)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	17,221
Cash Flows from Investing Activities	
Purchase of property and equipment	<u>(2,322)</u>
Net Cash and Cash Equivalents Used in Investing Activities	(2,322)
Cash Flows from Financing Activities:	
Payments made on capital lease obligations	(7,071)
Net Cash and Cash Equivalents Used in Financing Activities	<u>(7,071)</u>
Net Increase in Cash and Cash Equivalents	7,828
Cash and Cash Equivalents - Beginning of Year	<u>156,941</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 164,769</u></u>

See accompanying notes and independent accountants' review report.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Orange County Intergroup Association, Inc. (the "Association") is a nonprofit organization incorporated in the state of California on June 30, 1964. The purpose of the Association is to operate and maintain a central office to provide information about alcoholism to members of the Association and the general public and to help alcoholics achieve sobriety. The Association currently maintains two locations in Orange County, California. The primary sources of revenues for the Association's services are contributions and literature sales.

Basis of Presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). References to the "ASC" hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board ("FASB") as the source of authoritative US GAAP. Accordingly, the accounts of the Association are reported in the following net asset categories:

Net Assets without Donor Restrictions - Net assets of the Association that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net Assets with Donor Restrictions - Net assets of the Association that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). As of December 31, 2020, the Association has no net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Inventory

Inventory consists of books and literature related to the Association's program and is stated at the lower of cost (determined on the first-in, first-out basis) or net realizable value.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Capital Assets

The Association's capital assets consist of computer and office equipment, furniture and fixtures, and leasehold improvements. Capital assets are capitalized at historical cost. Items with an original cost of \$500 or greater and an estimated useful life of more than one year are capitalized. Depreciation of capital assets is accounted for on the straight-line method for financial reporting purposes over the estimated useful lives of the assets, which range from 3 to 7 years. Depreciation expense for the year ended December 31, 2020, was \$8,132.

Literature Sales

Literature sales revenue is recognized under FASB ASC 606, *Revenue from Contracts with Customers*, when a performance obligation has been satisfied and control of goods has been transferred to the customer in the amount that reflects the consideration that the Association expects to be entitled to in exchange for those goods. The Association's revenue under contracts with customers relates to the sale of literature, with a single performance obligation for each product sold. Under the Association's contracts, control is transferred to customers at a point in time, which is when the customer is able to direct the use of the asset. This generally occurs upon shipment of the product to the customer or receipt of the product by the customer. Sales and other taxes the Association collects concurrent with revenue-producing activities are excluded from revenue.

The Association generally does not have post-shipment obligations, such as credits and discounts, rebates and price protection, or other similar privileges. Customers are not granted price protection and have no additional product return rights beyond the right to return defective products. The Association does not have any significant financing components, as payment is received at or shortly after the point of sale.

Contributions

Contributions including donations and public support are recognized as revenue in accordance with FASB ASC 958-608, *Revenue Recognition*. Contributions are recognized when a donor makes a promise to give to an organization that is, in substance, unconditional. Contributions that are restricted by a donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. For the year ended December 31, 2020, the Association received no contributions that were deemed net assets with donor restrictions. At December 31, 2020, net assets without donor restrictions are undesignated.

Contributions of assets other than cash are recorded at their estimated fair value.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Taxes Collected from Customers and Remitted to Governmental Authorities

The Association presents sales taxes collected from customers and remitted to governmental authorities on a net basis. The Association records the amounts collected as a current liability and relieves such liability upon remittance to the taxing authority without impacting revenues or expenses.

Donated Materials and Services

Donated materials and other noncash contributions, if received, are reflected in the accompanying statements at their estimated market values at the date of receipt. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements, as there is no objective basis of deriving their value. A number of volunteers donate their time to answer phones and sell literature. All volunteer services received by the Association did not meet the above criteria and therefore, are not reflected in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Taxes

The Association is a nonprofit organization that has obtained an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and under similar code sections for each state. Accordingly, no provision has been made for federal or state income taxes. The Association is subject, however, to federal and California income taxes on unrelated business taxable income as stipulated in IRC Section 511 and Regulation Section 1.511. During the year ended December 31, 2020, the Association had no unrelated business taxable income. The Association’s tax years from 2017 to 2020 are open to review for federal tax purposes, and its tax years from 2016 to 2020 are open to review for state income tax purposes.

The Association annually evaluates tax positions as part of the preparation of its exempt tax return. This process includes an analysis of whether tax positions the Association takes with regard to a particular item of income or deduction would meet the definition of an uncertain tax position under current accounting guidance. The Association believes its tax positions are appropriate based on current facts and circumstances. The Association’s policy is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in functional expenses. At December 31, 2020, the Association did not have any unrecognized tax benefits.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of program services and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based on estimated usage. Usage is calculated using an appropriate methodology such as allocated square footage of leased office space.

New Accounting Pronouncement – Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, with subsequent improvements and corrections issued in ASU 2018-01, ASU 2018-10, and ASU 2018-20. ASU 2016-02 amends a number of aspects of lease accounting, including requiring lessees to recognize on their balance sheet a right-of-use asset and a lease liability for all operating leases with a term of more than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize the right-of-use asset and lease liability. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021; however, early adoption is permitted. The Association is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its financial statements.

Note 2: Liquidity and Availability

The Association's financial assets available for general expenditure (that is, without donor or other restrictions limiting their use) within one year of the statement of financial position date are as follows as of December 31, 2020:

Cash and equivalents	\$ <u>164,769</u>
Total Financial Assets Available to Meet General Expenditures within One Year	\$ <u>164,769</u>

Note 3: Concentrations, Risks, and Uncertainties

The Association maintains cash balances at a commercial bank. The aggregate account balances are insured for up to at least the standard maximum deposit insurance amount of \$250,000, per depositor, by the Federal Deposit Insurance Corporation. At December 31, 2020, the Association had no balances in excess of federally insured limits.

During 2020, the Association purchased approximately 99% of its inventory from one nonprofit supplier. At December 31, 2020, the Association had no balance due to this supplier.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 3: Concentrations, Risks, and Uncertainties (Continued)

In 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the Association is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events continue to have impacts on the global economy.

Note 4: Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31, 2020:

Bank demand accounts	\$	162,267
Cash on hand		444
Undeposited funds		<u>2,058</u>
 Total Cash and Cash Equivalents	 \$	 <u><u>164,769</u></u>

Note 5: Commitments and Contingencies

Operating Leases

On March 26, 2010, the Association signed a lease for the premises at 1526 Brookhollow Drive, Suite 75, Santa Ana, California, which commenced on March 31, 2010. The lease had been amended and expired on April 30, 2018. The lease term is month to month for 2019, with a new lease commencing January 1, 2020, and expiring December 31, 2024.

On November 3, 2016, the Association signed a lease for the premises at 30011 Ivy Glenn Drive, Suite 117, Laguna Niguel, California, which commenced on December 1, 2016. The lease expired on November 30, 2018, and subsequently was converted to a month-to-month lease term. Effective July 1, 2021, the Association signed an amendment to extend the lease through June 30, 2022.

Rent expense for the year ended December 31, 2020, was \$41,847.

Minimum future obligations on the lease agreements for the Santa Ana and Laguna Niguel locations are as follows for years ending December 31:

2021	\$	44,514
2022		38,614
2023		32,304
2024		33,264
2025		<u>-</u>
 Total	 \$	 <u><u>148,696</u></u>

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 5: Commitments and Contingencies (Continued)

Obligations Held under Capital Leases

The Association is a lessee of equipment under capital leases expiring at various dates through December 2024. The assets and liabilities under the capital leases are recorded at the lower of the present values of the minimum lease payments or the fair values of the assets. The assets are depreciated over the lower of their related lease terms or their estimated productive lives.

The following is a summary of equipment held under capital leases:

Equipment	\$	28,811
Less: Accumulated depreciation		<u>(17,026)</u>
Equipment Held under Capital Leases, Net	\$	<u>11,765</u>

Depreciation of the assets held under the capital lease obligations charged to expense for 2020 totaled approximately \$6,676.

Minimum future lease payments under capital lease obligations are as follows:

2021	\$	4,604
2022		3,120
2023		3,120
2024		3,120
2025		<u>-</u>
Total minimum future lease payments		13,964
Less: Amount representing interest		<u>(1,431)</u>
Present value of net minimum lease payments		12,533
Current portion of capital lease obligations		<u>(7,072)</u>
Long-Term Portion of Capital Lease Obligations	\$	<u>5,461</u>

The interest rate for the Association's capital leases is 6%.

Note 6: Subsequent Events

Events occurring after December 31, 2020, have been evaluated for possible adjustment to the financial statements or disclosure as of January 5, 2022, which is the date the financial statements were available to be issued.

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