ORANGE COUNTY INTERGROUP ASSOCIATION, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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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, 2022, 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.

We are required to be independent of Orange County Intergroup Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the Association adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use (ROU) asset and corresponding liability for all operating and finance leases with lease terms great than one year. Our conclusion is not modified with respect to the matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
August 18, 2023

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

ASSETS

CURRENT ASSETS		
Cash and Cash Equivalents	$	161,755
Inventory		40,236
Prepaid Expenses		2,692
Total Current Assets		204,683
CAPITAL ASSETS		
Furniture and Fixtures		78,011
Total Capital Assets, at Cost		78,011
Less: Accumulated Depreciation		(69,626)
Total Capital Assets, at Net Book Value		8,385
RIGHT-OF-USE ASSETS - OPERATING		100,722
OTHER ASSETS		
Refundable Deposits		3,770
Total Other Assets		3,770
Total Assets	$	317,560

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accrued Expenses	$	3,394
Current Portion Lease Liabilities - Operating		46,237
Current Portion Lease Liability - Financing		2,680
Total Current Liabilities		52,311
LONG-TERM LIABILITIES		
Long-Term Lease Liabilities - Operating (Less Current Portion)		55,814
Long-Term Lease Liability - Financing (Less Current Portion)		3,187
Total Long-Term Liabilities		59,001
Total Liabilities		111,312
NET ASSETS		
Without Donor Restrictions		206,248
Total Net Assets		206,248
Total Liabilities and Net Assets	$	317,560

See accompanying Notes to Financial Statements.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

SUPPORT, REVENUES, AND GAINS	
Donations and Public Support	$ 225,059
Literature Sales	123,420
Interest Income	53
Other Income	4,110
Total Support, Revenues, and Gains	352,642
FUNCTIONAL EXPENSES	
Program Services:	
Alcoholism Prevention and Treatment	168,196
Supporting Services:	
Management and General	188,499
Total Functional Expenses	356,695
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(4,053)
Net Assets Without Donor Restrictions - Beginning of Year	210,301
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 206,248

See accompanying Notes to Financial Statements.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Program Services	Supporting Services	
	Alcoholism Prevention and Treatment	Management and General	Total
Functional Expenses:			
Accounting	$ -	$ 13,814	$ 13,814
Auto Expense	-	408	408
Convention and Event Expense	774	-	774
Copier Expense	-	269	269
Credit Card Expense	-	2,762	2,762
Depreciation	-	3,962	3,962
Employee Benefits	-	6,000	6,000
Insurance	-	3,744	3,744
Internet	-	1,607	1,607
Interest Expense	-	440	440
Lease Expense	-	1,618	1,618
Lifeline Expense	20,633	-	20,633
Literature	97,048	-	97,048
Meeting Expense	2,087	-	2,087
Office Expense	-	2,995	2,995
Payroll Taxes	-	9,294	9,294
Postage	-	588	588
Program Events	5,240	-	5,240
Public Information	4,500	-	4,500
Rent	34,394	11,479	45,873
Repairs and Maintenance	-	2,142	2,142
Salaries and Wages	-	114,239	114,239
Taxes and Licenses	-	703	703
Telephone	3,520	880	4,400
Utilities	-	843	843
Volunteer Expenses	-	609	609
Website Expense	-	10,103	10,103
Total Functional Expenses	$ 168,196	$ 188,499	$ 356,695

See accompanying Notes to Financial Statements.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Net Assets Without Donor Restrictions	$	(4,053)
Noncash Item Included in Increase in Net Assets Without Donor Restrictions:		
Depreciation		3,962
Noncash Lease Expense		1,329
Changes in:		
Inventory		(650)
Prepaid Expenses		(79)
Refundable Deposits		(500)
Accrued Expenses		(321)
Net Cash Used by Operating Activities		(312)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment		(1,969)
Net Cash Used by Investing Activities		(1,969)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments Made on Lease Liability - Financing		(2,680)
Net Cash Used by Financing Activities		(2,680)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,961)
Cash and Cash Equivalents - Beginning of Year		166,716
CASH AND CASH EQUIVALENTS - END OF YEAR	$	161,755

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Operating Right-of-Use Assets Recognized Upon Adoption of

See accompanying Notes to Financial Statements.

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 U.S. 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, 2022, 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.

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, 2022 was $3,962.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022, the Association received no contributions that were deemed net assets with donor restrictions. At December 31, 2022, net assets without donor restrictions are undesignated.

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

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.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials and Services

Donated materials and other noncash contributions, if received, are reflected in the accompanying financial 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, 2022, the Association had no unrelated business taxable income. The Association’s tax years from 2019 to 2022 are open to review for federal tax purposes, and its tax years from 2018 to 2022 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, 2022, the Association did not have any unrecognized tax benefits.

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.

Adoption of New Accounting Standard

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Association adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available.

The Association has elected to adopt the package of practical expedients available in the year of adoption. This adoption allows the Association to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Association recognized on January 1, 2022 a lease liability at the carrying amount of the capital lease obligation on December 31, 2021, of $8,546 and a ROU asset at the carrying amount of the capital lease asset of $8,069. The Association also recognized on January 1, 2022 lease liabilities of $146,650, which represents the present value of the remaining operating lease payments of discounted using the risk free rate, and ROU assets of $146,650. Assets acquired under capital lease are presented as property and equipment and the obligation under capital lease is now presented as lease liability – financing in the 2022 balance sheet.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

The standard had a material impact on the statement of financial position but did not have an impact on the statement of activities nor cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases on the balance sheet while the Association's accounting for its finance lease remained substantially unchanged.

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, 2022:

Cash and Cash Equivalents	$ 161,755
Total Financial Assets Available to Meet General Expenditures Within One Year	$ 161,755

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, 2022, the Association had no balances in excess of federally insured limits.

During 2022, the Association purchased approximately 89% of its inventory from one nonprofit supplier. At December 31, 2022, the Association had no balance due to this supplier.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2022:

Bank Demand Accounts	$ 154,772
Cash on Hand	620
Cash Apps	5,326
Undeposited Funds	1,037
Total Cash and Cash Equivalents	$ 161,755

NOTE 5 LEASES

Operating Leases – FASB ASC 842

The Association elected to apply the provision of FASB ASC 842 to the beginning of the period of adoption of January 1, 2022, through a cumulative effect adjustment, with certain practical expedients available. See Note 1.

The Association leases office equipment as well as certain office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2033. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain facility leases provide for increases in future minimum annual rental payments. Additionally, the agreements generally require the Association to pay real estate taxes, insurance and repairs.

The following table provides quantitative information concerning the Association's leases:

Lease Costs:		
Finance Lease Costs:		
Amortization of Right-of-Use Asset	$	2,690
Interest on Lease Liabilities		440
Operating Lease Costs		47,202
Total Lease Costs	$	50,332
Other Information:		
Operating Cash Flows from Financing Lease	$	440
Operating Cash Flows from Financing Lease		45,873
Financing Cash Flows from Financing Lease		2,680
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities		146,650
Weighted-Average Remaining Lease Term - Financing Leases		1.9 years
Weighted-Average Remaining Lease Term - Operating Leases		2.2 years
Weighted-Average Discount Rate - Financing Leases		6.00%
Weighted-Average Discount Rate - Operating Leases		1.04%

NOTE 5 LEASES (CONTINUED)

The Association classifies the total discounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

Year Ending December 31,	Financing Leases	Operating Leases
2023	$ 3,120	$ 47,038
2024	3,120	48,440
2025	-	7,700
Total Lease Payments	6,240	103,178
Less: Imputed Interest	(374)	(1,128)
Present Value of Lease Liabilities	$ 5,866	$ 102,050
Current Portion lease liabilities	2,846	46,237
Long-term lease liabilities	3,021	55,814
Total	$ 5,867	$ 102,051

NOTE 6 SUBSEQUENT EVENTS

Events occurring after December 31, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of August 18, 2023, which is the date the financial statements were available to be issued.