

**LOS ANGELES AREA  
CHAMBER OF COMMERCE  
OF COMMERCE**

**CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the years ended  
December 31, 2012  
and 2011**

---



## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Los Angeles Area Chamber of Commerce

We have audited the accompanying consolidated financial statements of Los Angeles Area Chamber of Commerce and its affiliate Los Angeles Area Chamber of Commerce Foundation (collectively, the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years 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 consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Consolidating Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules 1 through 6 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Maximus Knechtel & McCutcheon, LLP*

Pasadena, California  
April 17, 2013

**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

December 31, 2012 and 2011

**ASSETS**

	<b>2012</b>	<b>2011</b>
Current assets		
Cash and cash equivalents	\$ 1,696,537	\$ 1,695,527
Investments (Note 3)	575,290	436,013
Accounts receivable, net (Note 4)	929,867	880,071
Supplies, prepaid expenses and other assets	318,417	144,199
Total current assets	3,520,111	3,155,810
Property and equipment, net (Note 5)	4,641,952	4,352,486
Total assets	\$ 8,162,063	\$ 7,508,296

**LIABILITIES AND NET ASSETS**

Current liabilities		
Accounts payable	\$ 296,825	\$ 224,373
Deferred compensation and accrued expenses (Note 6)	768,541	672,577
Deferred revenue (Note 7)	1,040,832	1,053,120
Current portion, notes payable (Note 8)	143,817	50,154
Total current liabilities	2,250,015	2,000,224
Notes payable (Note 8)	771,128	215,089
Commitments (Note 11)		
Net assets		
Unrestricted net assets	4,719,311	4,574,648
Temporarily restricted net assets (Note 9)	421,609	718,335
Total net assets	5,140,920	5,292,983
Total liabilities and net assets	\$ 8,162,063	\$ 7,508,296

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

**LOS ANGELES AREA CHAMBER OF COMMERCE**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>UNRESTRICTED NET ASSETS</b>		
Support and revenues		
Membership dues	\$ 1,695,699	\$ 1,681,530
Activities	2,418,550	1,303,899
Rental income	575,870	390,211
Other income	1,020,173	1,805,473
Grants, contract revenue and contributions	<u>1,774,327</u>	<u>1,394,744</u>
	7,484,619	6,575,857
Net assets released from restriction	<u>1,706,726</u>	<u>2,450,798</u>
Total unrestricted support and revenue	9,191,345	9,026,655
Expenses		
Program services	6,673,695	6,857,174
Management and general	976,775	1,492,623
Activities and membership development	1,300,169	450,807
Fundraising	<u>96,043</u>	<u>72,844</u>
Total expenses	<u>9,046,682</u>	<u>8,873,448</u>
Change in unrestricted net assets	144,663	153,207
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	1,410,000	2,038,329
Net assets released from restrictions	<u>(1,706,726)</u>	<u>(2,450,798)</u>
Change in temporarily restricted net assets	<u>(296,726)</u>	<u>(412,469)</u>
Change in net assets	(152,063)	(259,262)
Beginning net assets	<u>5,292,983</u>	<u>5,552,245</u>
Ending net assets	<u>\$ 5,140,920</u>	<u>\$ 5,292,983</u>

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

**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2012 and 2011

	<b>2012</b>	<b>2011</b>
Cash flows from operating activities:		
Change in net assets	\$ (152,063)	\$ (259,262)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	246,628	225,690
Bad debt provision	-	10,981
Unrealized gain on investments	(36,595)	-
Changes in assets and liabilities:		
Accounts receivable	(49,796)	443,901
Supplies, prepaid expenses and other assets	(174,218)	64,404
Accounts payable	72,452	85,651
Deferred compensation and accrued expenses	95,964	79,848
Deferred revenue	(12,288)	93,637
	(9,916)	744,850
Net cash provided (used) by operating activities	(9,916)	744,850
Cash flows from investing activities:		
Purchase of investments	(102,682)	(80,156)
Redemption of certificate of deposits	-	323,209
Purchase of property and equipment	(536,094)	(137,357)
	(638,776)	105,696
Net cash provided (used) by investing activities	(638,776)	105,696
Cash flows from financing activities:		
Proceeds from notes payable	730,000	-
Principal payment on notes payable	(80,298)	(79,917)
	649,702	(79,917)
Net cash provided (used) by financing activities	649,702	(79,917)
Net increase in cash and cash equivalents	1,010	770,629
Cash and cash equivalents, beginning of year	1,695,527	924,898
Cash and cash equivalents, end of year	\$ 1,696,537	\$ 1,695,527
Interest paid during the period ended:	\$ 25,988	\$ 16,441

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

**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**1 Nature of organization**

The Los Angeles Area Chamber of Commerce (the "Chamber") is a nonprofit corporation under Internal Revenue Code Section 501(c)(6) and is not subject to federal or state income taxes. The Chamber is a business association that initiates private sector action affecting the economic wellbeing of the greater Los Angeles area.

The Los Angeles Area Chamber of Commerce Foundation (the "Foundation") is a nonprofit corporation under Internal Revenue Code Section 501(c)(3) and is not subject to federal or state income taxes. The assets of the Foundation are dedicated to charitable, scientific and educational services.

The Directors of the Chamber also serve as Directors of the Foundation and control the Foundation; accordingly, the Foundation has been consolidated into the Chamber and referred to as the "Organization". All intercompany transactions have been eliminated.

**2 Summary of significant accounting policies**

**Basis of presentation**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting, utilizing accounting principles generally accepted in the United States of America, in accordance with the AICPA's Audit and Accounting Guide, "Not-for-Profit Organizations."

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

Unrestricted net assets — Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Organization.

Temporarily restricted net assets — Net assets subject to donor-imposed stipulations that may be met either by actions of the Organization and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated financial statements as net assets released from restrictions.

**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**2 Summary of significant accounting policies, continued**

Income tax

United States federal and the State of California have statutes of limitations that generally range from three to four years. No open years are currently under examination.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported results of operations during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less. The Organization has placed its cash and cash equivalents with major financial institutions. At times, the cash in the financial institution is in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC).

Investments

Investments are recorded at fair value in the consolidated statement of financial position and any unrealized gain or loss on investments is recorded as investment income or loss in the period incurred. Interest income is recorded as unrestricted unless restricted by the donor.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Each balance is individually reviewed on a monthly basis. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Such losses have generally been within management's expectations. Receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable is not collectible.



**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**2 Summary of significant accounting policies, continued**

Property, building and equipment

Property, building and equipment are recorded at cost at the date of purchase or fair market value at the date of gift or donation. Repairs and maintenance costs are expensed as incurred. Depreciation is computed on the straight-line method, based on the estimated useful lives of the assets as follows:

Equipment	3 - 8 years
Furniture and equipment	3 - 10 years
Building	40 years

Revenue recognition

Membership dues are recognized as revenues over the period of time in which members will receive the services. Activities revenue is recognized when the activity occurs. The net amount of receipts and expenditures for specific activities which have not occurred as of year-end is reported as deferred activities revenue.

Contributions, including unconditional promises to give, are reported as revenue in the period received and are considered available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

The Organization reports gifts of equipment and securities as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as temporarily restricted support until the assets are placed in service.

Revenues from grants and contracts are reported as increases in unrestricted net assets, as allowable expenditures under such agreements are incurred.

**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**2 Summary of significant accounting policies, continued**

The Organization recognizes rental income under operating leases on a straight-line basis over the terms of the respective leases. Lease concessions provided at the inception of the lease are deferred and amortized on a straight-line basis over the term of the lease.

Date of management's review

Management has evaluated subsequent events through April 17, 2013, the date which the consolidated financial statements were available to be issued.

**3 Investments**

The types of investments held by the Organization are set forth as follows:

	2012	2011
Certificates of deposit	\$ 88,609	\$ 88,159
Mutual funds	486,681	347,854
Total investments	\$ 575,290	\$ 436,013

**4 Accounts receivable**

The accounts receivable balance consists of the following amounts:

	2012	2011
General accounts receivable	\$ 253,366	\$ 265,241
Southern California Leadership Network	29,331	29,682
Los Angeles Sports Council	4,171	5,452
Unite - LA	42,546	7,669
Federal grants and contracts receivable	600,453	573,027
	929,867	881,071
Less allowance for doubtful accounts	-	(1,000)
Accounts receivable, net	\$ 929,867	\$ 880,071

**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**5 Property, building and equipment**

Property, building and equipment consist of the following amounts:

	2012	2011
Land and improvements	\$ 1,500,000	\$ 1,500,000
Building and related improvements	5,075,793	4,616,352
Furniture and equipment	1,277,325	1,200,673
	7,853,118	7,317,025
Less allowance for depreciation	(3,211,166)	(2,964,539)
Property, building and equipment, net	\$ 4,641,952	\$ 4,352,486

Depreciation expense was \$246,628 and \$225,690 for the years ended December 31, 2012 and 2011.

A portion of the Organization's building is leased to tenants under operating leases with remaining lease terms up to 5 years. Certain leases have renewal options and generally provide for minimum rents payable monthly, plus a share of real estate taxes and insurance. Certain leases require tenants to pay a share of certain common area costs.

Future minimum rental payments to be received from tenants under non-cancelable lease agreements as of December 31, 2012 are as follows:

2013	\$ 492,617
2014	385,116
2015	355,898
2016	306,112
2017	359,776
Thereafter	1,632,061
Total	\$ 3,531,580

**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**6 401(k) plan, deferred compensation and accrued expenses**

401 (k) plan

The Organization adopted a 401(k) Plan effective June 1, 1998. All employees of the Organization are eligible to participate in this plan after meeting age and term of employment requirements. Pursuant to the plan, the Organization may make certain specified contributions to the Plan. Employer contribution expense was \$141,452 and \$122,447 for the years ended December 31, 2012 and 2011.

Deferred compensation

The Organization has a deferred compensation arrangement with its former president. Total accrued deferred compensation was \$7,000 and \$59,000 at December 31, 2012 and 2011. This plan is unfunded.

In 2007 the Organization established a deferred compensation plan for a select group of management. Under the plan, a participant may elect to defer a maximum of \$17,000 in 2012. The total of participant deferrals which are included in investments and accrued expenses were \$276,992 and \$189,124 at December 31, 2012 and 2011.

At December 31, 2012 and 2011, the components of deferred compensation and accrued expenses were:

	2012	2011
457 (b) deferred compensation	\$ 276,992	\$ 189,124
Deferred compensation due to former president	7,000	59,000
Accrued vacation and payroll	458,103	386,280
Accrued professional fees and other	26,446	38,173
	<b>\$ 768,541</b>	<b>\$ 672,577</b>

**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**7 Deferred revenue**

Deferred revenue consists of membership dues and activities revenue collected in advance. Membership dues are recognized as income over the period to which they apply. Activities revenue is recognized as income when the event occurs. At December 31, 2012 and 2011, the components of deferred revenue were:

	2012	2011
Deferred membership dues	\$ 805,115	\$ 672,202
Deferred activities revenue	235,717	380,918
	<b>\$1,040,832</b>	<b>\$1,053,120</b>

**8 Notes payable**

Notes payable consist of the following:

	2012	2011
Note payable, Bank of America, secured by equipment and receivables, at 3.75%, with monthly principal and interest payments of \$9,912. The unpaid note balance is due on August 1, 2019.	\$ 699,579	\$ -
Note payable, Bank of America, secured by receivables, at 5.25%, with monthly principal and interest payments of \$4,995. The unpaid note balance is due on December 1, 2016.	215,366	262,383
Note payable, Bank of America, secured by equipment, at 4.50%, with monthly principal and interest payments of \$3,021. The unpaid note balance is due on January 26, 2012.	-	2,860
Less current portion	914,945 143,817	265,243 50,154
	<b>\$ 771,128</b>	<b>\$ 215,089</b>

**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**8 Notes payable, continued**

The combined principal maturities for the notes payable are as follows:

December 31	2013	\$ 143,817
	2014	150,133
	2015	156,734
	2016	162,961
	2017	109,393
	Thereafter	<u>191,907</u>
		<u>\$ 914,945</u>

**9 Temporarily restricted net assets**

Temporarily restricted net asset balances at December 31, 2012 and net assets released from restriction during 2012 were:

	Balances at December 31, <u>2012</u>	Released during <u>2012</u>
Rusty Hammer scholarship	\$ 52,638	\$ -
Walmart	4,705	838,689
Rockefeller	82,500	100,833
Cash for college scholarship	<u>281,766</u>	<u>767,204</u>
	<u>\$ 421,609</u>	<u>\$ 1,706,726</u>

Temporarily restricted net asset balances at December 31, 2011 and net assets released from restriction during 2011 were:

	Balances at December 31, <u>2011</u>	Released during <u>2011</u>
Wells Fargo	\$ -	\$ 57,700
Rusty Hammer scholarship	52,638	10,713
Hot Summer Nights	-	1,000
Walmart	43,394	951,606
Rockefeller	73,333	36,667
Cash for college scholarship	<u>548,970</u>	<u>1,393,112</u>
	<u>\$ 718,335</u>	<u>\$ 2,450,798</u>

**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**10 Transactions with affiliates**

The Organization provides accounting and administrative services and office space for the Los Angeles Sports Council and the Los Angeles Sports Council Foundation. During the years ended December 31, 2012 and 2011, the Organization recognized revenues from the Los Angeles Sports Council and the Los Angeles Sports Council Foundation in the amounts of \$56,142 and \$69,407, respectively.

The Organization provides accounting and administrative services and office space for the Southern California Leadership Network. During the years ended December 31, 2012 and 2011, the Organization recognized revenues from the Southern California Leadership Network in the amount of \$42,996 and \$55,000, respectively.

The Organization provides accounting and administrative services and office space for the Unite-LA. During the years ended December 31, 2012 and 2011, the Organization recognized revenues from the Unite-LA in the amount of \$169,097 and \$176,898, respectively.

**11 Commitments**

The Organization leases office equipment under operating leases. Future minimum payments under these leases are:

2013	\$ 27,400
2014	18,260
2015	9,120
2016	9,120
2017	<u>5,320</u>
	<u>\$ 69,220</u>

Lease expense was \$34,013 and \$21,950 for the years ended December 31, 2012 and 2011.

**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**12 Fair value of financial instruments**

Financial instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

The carrying amounts reported in the consolidated statement of financial position for cash and cash equivalents approximate fair values because of the short maturities of those instruments.

The following table presents the Organization's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

Fair Value Measurements at December 31, 2012

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>
Investments	\$ 575,290	\$ 575,290

Fair Value Measurements at December 31, 2011

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>
Investments	\$ 436,013	\$ 436,013



**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

SCHEDULE 1

December 31, 2012

	<u>Los Angeles Area Chamber of Commerce</u>	<u>Los Angeles Area Chamber of Commerce Foundation</u>	<u>Elimination</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 1,077,832	\$ 618,705	\$ -	\$ 1,696,537
Investments	575,290	-	-	575,290
Accounts receivable, net	417,325	642,999	(130,457)	929,867
Supplies, prepaid expenses and other assets	318,417	-	-	318,417
Total current assets	2,388,864	1,261,704	(130,457)	3,520,111
Property and equipment, net	4,641,952	-	-	4,641,952
Total assets	<u>\$ 7,030,816</u>	<u>\$ 1,261,704</u>	<u>\$ (130,457)</u>	<u>\$ 8,162,063</u>
<b>Liabilities and net assets</b>				
Current liabilities				
Accounts payable	\$ 198,339	\$ 228,943	\$ (130,457)	\$ 296,825
Deferred compensation and accrued expenses	647,702	120,839	-	768,541
Deferred revenue	1,040,832	-	-	1,040,832
Current portion, notes payable	143,817	-	-	143,817
Total current liabilities	2,030,690	349,782	(130,457)	2,250,015
Notes payable	771,128	-	-	771,128
Net Assets				
Unrestricted net assets	4,228,998	490,313	-	4,719,311
Temporarily restricted net assets	-	421,609	-	421,609
Total net assets	4,228,998	911,922	-	5,140,920
Total liabilities and net assets	<u>\$ 7,030,816</u>	<u>\$ 1,261,704</u>	<u>\$ (130,457)</u>	<u>\$ 8,162,063</u>

**LOS ANGELES AREA CHAMBER OF COMMERCE**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

SCHEDULE 2

December 31, 2011

	<u>Los Angeles Area Chamber of Commerce</u>	<u>Los Angeles Area Chamber of Commerce Foundation</u>	<u>Elimination</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 920,946	\$ 774,581	\$ -	\$ 1,695,527
Investments	436,013	-	-	436,013
Accounts receivable, net	371,940	626,983	(118,852)	880,071
Supplies, prepaid expenses and other assets	144,199	-	-	144,199
Total current assets	1,873,098	1,401,564	(118,852)	3,155,810
Property and equipment, net	4,352,486	-	-	4,352,486
Total assets	<u>\$ 6,225,584</u>	<u>\$ 1,401,564</u>	<u>\$ (118,852)</u>	<u>\$ 7,508,296</u>
<b>Liabilities and net assets</b>				
Current liabilities				
Accounts payable	\$ 132,016	\$ 211,209	\$ (118,852)	\$ 224,373
Deferred compensation and accrued expenses	587,544	85,033	-	672,577
Deferred revenue	1,053,120	-	-	1,053,120
Current portion, notes payable	50,154	-	-	50,154
Total current liabilities	1,822,834	296,242	(118,852)	2,000,224
Notes payable	215,089	-	-	215,089
Net Assets				
Unrestricted net assets	4,187,661	386,987	-	4,574,648
Temporarily restricted net assets	-	718,335	-	718,335
Total net assets	4,187,661	1,105,322	-	5,292,983
Total liabilities and net assets	<u>\$ 6,225,584</u>	<u>\$ 1,401,564</u>	<u>\$ (118,852)</u>	<u>\$ 7,508,296</u>

**LOS ANGELES AREA CHAMBER OF COMMERCE**

**CONSOLIDATING SCHEDULE OF ACTIVITIES**

SCHEDULE 3

For the year ended December 31, 2012

	<u>Los Angeles Area Chamber of Commerce</u>	<u>Los Angeles Area Chamber of Commerce Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>UNRESTRICTED NET ASSETS</b>				
Support and revenues				
Membership dues	\$ 1,695,699	\$ -	\$ -	\$ 1,695,699
Activities	2,392,790	25,760	-	2,418,550
Rental Income	610,870	-	(35,000)	575,870
Other income	1,368,774	15,493	(364,094)	1,020,173
Grants, contract revenue and contributions	44,500	1,829,827	(100,000)	1,774,327
	<u>6,112,633</u>	<u>1,871,080</u>	<u>(499,094)</u>	<u>7,484,619</u>
Net assets released from restriction	<u>-</u>	<u>1,706,726</u>	<u>-</u>	<u>1,706,726</u>
Total unrestricted support and revenues	6,112,633	3,577,806	(499,094)	9,191,345
Expenses				
Program services	3,908,206	3,142,686	(377,197)	6,673,695
Management and general	862,921	235,751	(121,897)	976,775
Activities and membership development	1,300,169	-	-	1,300,169
Fundraising	-	96,043	-	96,043
	<u>6,071,296</u>	<u>3,474,480</u>	<u>(499,094)</u>	<u>9,046,682</u>
Change in unrestricted net assets	41,337	103,326	-	144,663
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
Contributions	-	1,410,000	-	1,410,000
Net assets released from restrictions	-	(1,706,726)	-	(1,706,726)
Change in temporarily restricted net assets	<u>-</u>	<u>(296,726)</u>	<u>-</u>	<u>(296,726)</u>
Change in net assets	41,337	(193,400)	-	(152,063)
Beginning net assets	<u>4,187,661</u>	<u>1,105,322</u>	<u>-</u>	<u>5,292,983</u>
Ending net assets	<u>\$ 4,228,998</u>	<u>\$ 911,922</u>	<u>\$ -</u>	<u>\$ 5,140,920</u>

**LOS ANGELES AREA CHAMBER OF COMMERCE**

**CONSOLIDATING SCHEDULE OF ACTIVITIES**

SCHEDULE 4

For the year ended December 31, 2011

	<u>Los Angeles Area Chamber of Commerce</u>	<u>Los Angeles Area Chamber of Commerce Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>UNRESTRICTED NET ASSETS</b>				
Support and revenues				
Membership dues	\$ 1,681,530	\$ -	\$ -	\$ 1,681,530
Activities	1,303,899	-	-	1,303,899
Rental Income	390,211	-	-	390,211
Other income	1,946,678	6,791	(147,996)	1,805,473
Grants, contract revenue and contributions	-	1,394,744	-	1,394,744
	<u>5,322,318</u>	<u>1,401,535</u>	<u>(147,996)</u>	<u>6,575,857</u>
Net assets released from restriction	<u>-</u>	<u>2,450,798</u>	<u>-</u>	<u>2,450,798</u>
Total unrestricted support and revenues	5,322,318	3,852,333	(147,996)	9,026,655
Expenses				
Program services	3,628,508	3,337,111	(108,445)	6,857,174
Management and general	1,292,629	228,985	(28,991)	1,492,623
Activities and membership development	450,807	-	-	450,807
Fundraising	-	83,404	(10,560)	72,844
Total expenses	<u>5,371,944</u>	<u>3,649,500</u>	<u>(147,996)</u>	<u>8,873,448</u>
Change in unrestricted net assets	(49,626)	202,833	-	153,207
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
Contributions	-	2,038,329	-	2,038,329
Net assets released from restrictions	<u>-</u>	<u>(2,450,798)</u>	<u>-</u>	<u>(2,450,798)</u>
Change in temporarily restricted net assets	<u>-</u>	<u>(412,469)</u>	<u>-</u>	<u>(412,469)</u>
Change in net assets	(49,626)	(209,636)	-	(259,262)
Beginning net assets	<u>4,237,287</u>	<u>1,314,958</u>	<u>-</u>	<u>5,552,245</u>
Ending net assets	<u>\$ 4,187,661</u>	<u>\$ 1,105,322</u>	<u>\$ -</u>	<u>\$ 5,292,983</u>

**LOS ANGELES AREA CHAMBER OF COMMERCE**

**CONSOLIDATING SCHEDULE OF CASH FLOWS**

SCHEDULE 5

For the year ended December 31, 2012

	<b>Los Angeles Area Chamber of Commerce</b>	<b>Los Angeles Area Chamber of Commerce Foundation</b>	<b>Elimination</b>	<b>Total</b>
Cash flows from operating activities:				
Change in net assets	\$ 41,337	\$ (193,400)	\$ -	\$ (152,063)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	246,628	-	-	246,628
Unrealized gain on investments	(36,595)	-	-	(36,595)
Changes in assets and liabilities:				
Accounts receivable	(45,385)	(16,016)	11,605	(49,796)
Supplies, prepaid expenses and other assets	(174,218)	-	-	(174,218)
Accounts payable	66,323	17,734	(11,605)	72,452
Deferred compensation and accrued expenses	60,158	35,806	-	95,964
Deferred revenue	(12,288)	-	-	(12,288)
Net cash provided (used) by operating activities	145,960	(155,876)	-	(9,916)
Cash flows from investing activities:				
Purchase of investments	(102,682)	-	-	(102,682)
Purchase of property and equipment	(536,094)	-	-	(536,094)
Net cash used by investing activities	(638,776)	-	-	(638,776)
Cash flows from financing activities:				
Proceeds from notes payable	730,000	-	-	730,000
Principal payment on notes payable	(80,298)	-	-	(80,298)
Net cash provided by financing activities	649,702	-	-	649,702
Net increase (decrease) in cash and cash equivalents	156,886	(155,876)	-	1,010
Cash and cash equivalents, beginning of year	920,946	774,581	-	1,695,527
Cash and cash equivalents, end of year	\$ 1,077,832	\$ 618,705	\$ -	\$ 1,696,537

**LOS ANGELES AREA CHAMBER OF COMMERCE**

**CONSOLIDATING SCHEDULE OF CASH FLOWS**

SCHEDULE 6

For the year ended December 31, 2011

	<b>Los Angeles Area Chamber of Commerce</b>	<b>Los Angeles Area Chamber of Commerce Foundation</b>	<b>Elimination</b>	<b>Total</b>
Cash flows from operating activities:				
Change in net assets	\$ (49,626)	\$ (209,636)	\$ -	\$ (259,262)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	225,690	-	-	225,690
Bad debt provision	10,981	-	-	10,981
Changes in assets and liabilities:				
Accounts receivable	101,598	354,003	(11,700)	443,901
Supplies, prepaid expenses and other assets	64,404	-	-	64,404
Accounts payable	46,185	27,766	11,700	85,651
Deferred compensation and accrued expenses	60,259	19,589	-	79,848
Deferred revenue	93,637	-	-	93,637
Net cash provided by operating activities	553,128	191,722	-	744,850
Cash flows from investing activities:				
Purchase of investments	(80,156)	-	-	(80,156)
Redemption of certificate of deposits	323,209	-	-	323,209
Purchase of property and equipment	(137,357)	-	-	(137,357)
Net cash provided by investing activities	105,696	-	-	105,696
Cash flows from financing activities:				
Principal payment on notes payable	(79,917)	-	-	(79,917)
Net cash used by financing activities	(79,917)	-	-	(79,917)
Net increase in cash and cash equivalents	578,907	191,722	-	770,629
Cash and cash equivalents, beginning of year	342,039	582,859	-	924,898
Cash and cash equivalents, end of year	\$ 920,946	\$ 774,581	\$ -	\$ 1,695,527