

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



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**ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



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, 2023, 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.

Board of Directors
Orange County Intergroup Association, Inc.

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.

Emphasis-of-Matter Regarding Correction of an Error

As discussed in Note 2 to the financial statements, certain errors resulting in understatement of amounts previously reported for grants receivable as of December 31, 2022, were discovered by management of the Association during the current year. Accordingly, an adjustment has been made to net assets without donor restrictions as of January 1, 2023, to correct the error.



CliftonLarsonAllen LLP

Irvine, California
February 4, 2025

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 177,047
Inventory	46,427
Prepaid Expenses	2,772
Total Current Assets	226,246

CAPITAL ASSETS

Furniture and Fixtures	63,626
Total Capital Assets, at Cost	63,626
Less: Accumulated Depreciation	(48,278)
Total Capital Assets, at Net Book Value	15,348

RIGHT-OF-USE ASSETS - OPERATING

54,322

OTHER ASSETS

Refundable Deposits	3,770
Total Other Assets	3,770

Total Assets	\$ 299,686
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 6,398
Current Portion Lease Liabilities - Operating	48,130
Current Portion Lease Liability - Financing	3,021
Total Current Liabilities	57,549

LONG-TERM LIABILITIES

Long-Term Lease Liabilities - Operating (Less Current Portion)	7,683
Total Long-Term Liabilities	7,683

Total Liabilities	65,232
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NET ASSETS

Without Donor Restrictions	234,454
Total Net Assets	234,454

Total Liabilities and Net Assets	\$ 299,686
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See accompanying Notes to Financial Statements.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

SUPPORT, REVENUES, AND GAINS

Donations and Public Support	\$ 216,587
Literature Sales	129,738
Interest Income	4,090
Total Support, Revenues, and Gains	350,415

FUNCTIONAL EXPENSES

Program Services:	
Alcoholism Prevention and Treatment	171,090
Supporting Services:	
Management and General	222,468
Total Functional Expenses	393,558

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (43,143)

Net Assets Without Donor Restrictions - Beginning of Year 206,248

Prior Period Restatement 71,349

Net Assets Without Donor Restrictions - Beginning of Year, As Restated 277,597

NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR \$ 234,454

See accompanying Notes to Financial Statements.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	<u>Program Services</u>	<u>Supporting Services</u>	
	Alcoholism Prevention and Treatment	Management and General	<u>Total</u>
Functional Expenses:			
Accounting	\$ -	\$ 16,943	\$ 16,943
Auto Expense	-	796	796
Copier Expense	-	950	950
Credit Card Expense	-	2,832	2,832
Depreciation	-	4,799	4,799
Employee Benefits	-	6,250	6,250
Insurance	-	3,954	3,954
Internet	-	2,183	2,183
Interest Expense	-	275	275
Lease Expense	-	3,424	3,424
Lifeline Expense	21,134	-	21,134
Literature	94,579	-	94,579
Loss on Disposal of Capital Assets		1,181	1,181
Meeting Expense	4,229	-	4,229
Office Expense	-	4,239	4,239
Payroll Taxes	-	10,380	10,380
Postage	-	533	533
Professional Fees		18,847	18,847
Program Events	6,738	-	6,738
Public Information	5,075	-	5,075
Rent	35,624	11,414	47,038
Repairs and Maintenance	-	2,091	2,091
Salaries and Wages	-	122,231	122,231
Taxes and Licenses	-	19	19
Telephone	3,711	928	4,639
Utilities	-	959	959
Volunteer Expenses	-	537	537
Website Expense	-	6,703	6,703
	<u>\$ 171,090</u>	<u>\$ 222,468</u>	<u>\$ 393,558</u>
Total Functional Expenses	<u>\$ 171,090</u>	<u>\$ 222,468</u>	<u>\$ 393,558</u>

See accompanying Notes to Financial Statements.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in Net Assets Without Donor Restrictions	\$ (43,143)
Noncash Item Included in Decrease in Net Assets Without Donor Restrictions:	
Depreciation	4,799
Loss on Disposal of Capital Assets	1,181
Noncash Lease Expense	162
Changes in:	
Inventory	(6,191)
Grants Receivable	71,349
Prepaid Expenses	(80)
Accrued Expenses	3,004
Net Cash Provided by Operating Activities	31,081

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(12,943)
Net Cash Used by Investing Activities	(12,943)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments Made on Lease Liability - Financing	(2,846)
Net Cash Used by Financing Activities	(2,846)

NET INCREASE IN CASH AND CASH EQUIVALENTS

15,292

Cash and Cash Equivalents - Beginning of Year

161,755

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 177,047

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest Paid	\$ 275
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See accompanying Notes to Financial Statements.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, 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, 2023 was \$4,799.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**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 958-605, *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, 2023, the Association received no contributions that were deemed net assets with donor restrictions. At December 31, 2023, 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.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**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, 2023, the Association had no unrelated business taxable income. The Association's tax years from 2020 to 2023 are open to review for federal tax purposes, and its tax years from 2019 to 2023 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, 2023, the Association did not have any unrecognized tax benefits.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**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.

Leases

The Association determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Association considers factors such as if the Association has obtained substantially all of the rights to the underlying asset through exclusivity, if the Association can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating leases are included in right-of-use asset – operating, and current and long-term lease liability – operating on the statement of financial position. Finance leases are included in right-of-use asset – financing, and current and long-term lease liabilities – financing on the statement of financial position.

ROU assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Association uses risk-free rates based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Association will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Association has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

The Association has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR

During the year ended December 31, 2023, the Association determined it had incorrectly accounted for grant activity associated with the Employee Retention Credit (ERC) grant program as described in Note 7. Previously, the Association had not recognized the ERC receivable and revenue at the time the barrier had been met with the filing of the amended 941 filings in October 2022. The Association did not include \$71,349 of grants receivable or grant revenue for the year ended December 31, 2022. Accordingly, an adjustment totaling \$71,349 has been made to net assets without donor restrictions as of January 1, 2023, to correct the error.

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, 2023:

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, 2023, the Association had no balances in excess of federally insured limits.

During 2023, the Association purchased approximately 89% of its inventory from one nonprofit supplier. At December 31, 2023, the amount due to this supplier included in accounts payable and accrued expenses on the accompanying statement of financial position totaled \$2,127.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2023:

Bank Demand Accounts	\$ 169,159
Cash on Hand	685
Cash Apps	7,203
Total Cash and Cash Equivalents	\$ 177,047

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LEASES

Operating Leases – FASB ASC 842

The Association leases office equipment as well as its 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	275
Operating Lease Costs	47,202
Total Lease Costs	<u>\$ 50,167</u>

Other Information:

Operating Cash Flows from Financing Lease	\$ 275
Operating Cash Flows from Operating Lease	47,038
Financing Cash Flows from Financing Lease	2,846
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	-
Weighted-Average Remaining Lease Term - Financing Leases	0.9 years
Weighted-Average Remaining Lease Term - Operating Leases	1.2 years
Weighted-Average Discount Rate - Financing Leases	6.00%
Weighted-Average Discount Rate - Operating Leases	1.04%

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, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2024	\$ 3,120	\$ 48,440
2025	-	7,700
Total Lease Payments	3,120	56,140
Less: Imputed Interest	(99)	(327)
Present Value of Lease Liabilities	<u>\$ 3,021</u>	<u>\$ 55,813</u>
Current Portion lease liabilities	3,021	48,130
Long-term lease liabilities	-	7,683
Total	<u>\$ 3,021</u>	<u>\$ 55,813</u>

ORANGE COUNTY INTERGROUP ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 EMPLOYEE RETENTION CREDITS

The Employee Retention Credit (ERC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. On December 27, 2020, the Consolidated Appropriations Act (CAA) was signed into law. Among other provisions, the CAA expanded the eligibility for ERC to include more entities as well as extending ERC into calendar year 2021 including the first, second and third calendar quarters. Furthermore, the refundable tax credit for the calendar year 2021 was expanded to 70% of the qualified wages. CAA provided these entities the ability to retroactively recover payroll taxes from earlier in 2020 during which they were previously ineligible. This is done by retroactively applying for the credit.

Employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 and 2021 and experience either the full or partial suspension of the operation of their trade or business during any calendar quarter due to a significant decline in gross receipts or because of governmental orders limiting commerce, travel or group meetings due to COVID-19. The credit applies to qualified wages (including certain health plan expenses) paid during this period or any calendar quarter in which eligibility requirements were met.

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended December 31, 2023, the Association determined it met the compliance requirements and conditions of the ERC program during the year ended December 31, 2022, but did not recognize the grant receivable and revenue at the time the barrier had been met. Accordingly, the Association recorded an adjustment to net assets as of January 1, 2023, to recognize the combined ERC credits of \$71,349 and correct the error.

There is a possibility that upon subsequent review the Internal Revenue Service (IRS) could reach a different conclusion regarding the Association's eligibility to retain the ERC credits received, which could result in repayment of the credits, interest and potential penalties. The amount of liability, if any, from potential ineligibility cannot be determined with certainty.

NOTE 7 SUBSEQUENT EVENTS

Events occurring after December 31, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of February 4, 2025, which is the date the financial statements were available to be issued.



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