

**STEEL MAGNOLIAS**  
**(A California Nonprofit Corporation)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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# *Guzman & Gray*

Certified Public Accountants

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4510 East Pacific Coast Highway, Suite 270  
Long Beach, California 90804

Mark Gray, CPA  
Patrick S. Guzman, CPA

(562) 498-0997 Fax: (562) 597-7359

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Steel Magnolias (A California Nonprofit Corporation)

We have reviewed the accompanying financial statements of Steel Magnolias (a California Nonprofit Corporation) (the "Organization"), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities and changes in net assets, 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 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 financial statements that are free from material misstatement whether due to fraud or error.

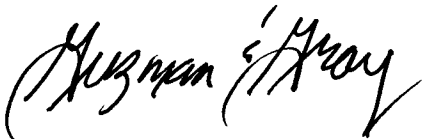
### **Accountants' Responsibility**

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 AICPA. 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.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT (Continued)

**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.

A handwritten signature in black ink, appearing to read "Guzman & Gray", written in a cursive style.

GUZMAN & GRAY  
Long Beach, CA  
June 3, 2020

STEEL MAGNOLIAS  
(A California Nonprofit Corporation)  
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	<u>\$ 451,521</u>
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TOTAL ASSETS	<u><u>\$ 451,521</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	<u>\$ 1,194</u>
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Total Liabilities	<u>1,194</u>
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NET ASSETS

Without donor restrictions	
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Undesignated	13,466
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Board designated	
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Endowment	336,861
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Reserve	<u>100,000</u>
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Total Net Assets	<u>450,327</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 451,521</u></u>
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See independent Accountants' Review Report and Notes to Financial Statements

STEEL MAGNOLIAS  
(A California Nonprofit Corporation)  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUE AND PUBLIC SUPPORT	
Contributions	\$ 57,010
Special events, net of direct donor benefits of \$48,643	204,884
Interest	952
Other	575
Total Revenue & Public Support	<u>263,421</u>
EXPENSES	
Program services	141,091
Management and administration	25,959
Fundraising	4,513
Total Expenses	<u>171,563</u>
CHANGE IN NET ASSETS	91,858
BEGINNING NET ASSETS	<u>358,469</u>
ENDING NET ASSETS	<u><u>\$ 450,327</u></u>

See independent Accountants' Review Report and Notes to Financial Statements

STEEL MAGNOLIAS  
(A California Nonprofit Corporation)  
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

EXPENSES	Program Activities	Supporting Activities		Total
		Management & General	Fundraising	
Office expenses	\$ 991	\$ 1,198	\$ 382	\$ 2,571
Supplies	-	281	-	281
Professional fees	-	10,935	-	10,935
Membership development	-	9,767	-	9,767
Printing & publications	-	623	1,957	2,580
Telephone & communication	-	504	-	504
Insurance	-	1,885	-	1,885
Bank fee	-	766	-	766
Advertising	-	-	997	997
Website maintenance	100	-	1,177	1,277
Grants	140,000	-	-	140,000
	<u>\$ 141,091</u>	<u>\$ 25,959</u>	<u>\$ 4,513</u>	<u>\$ 171,563</u>

See independent Accountants' Review Report and Notes to Financial Statements

STEEL MAGNOLIAS  
(A California Nonprofit Corporation)  
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 91,858
Adjustments to reconcile change in net assets to net cash from operating activities	
Decrease in credit card payable	<u>(3,283)</u>
Net cash from operating activities	88,575
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>362,946</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u><u>\$ 451,521</u></u>

SUPPLEMENTAL CASH FLOW DISCLOSURES

Interest Paid	<u><u>NONE</u></u>
Income Taxes Paid	<u><u>NONE</u></u>

See independent Accountants' Review Report and Notes to Financial Statements



STEEL MAGNOLIAS  
(A California Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Steel Magnolias (the "Organization") is a California nonprofit public benefit Corporation that was established on September 9, 2011. The Organization's mission is to raise funds for charitable and educational purposes including The Stramski Children's Development Center located at Miller Children's Hospital Long beach which treats more than 4,000 children suffering from serious and often life-long medical conditions. The Organization's operations are located in Long Beach, California.

Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting; consequently, contributions and other revenues are recognized when promised or earned, and certain expenses and purchases of assets are recognized when the obligation is incurred.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Revenues, gains, expenses, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Net assets without donor restrictions:

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions:

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets released from donor restrictions:

Net assets are released by incurring expenses satisfying the restriction or occurrence of the other events specified by donors.

STEEL MAGNOLIAS  
(A California Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounting Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Contributions

Contributions, including pledges, are recognized as income in the period received or pledged. Unconditional promise to give (i.e., pledges) are not recognized until the cash or asset is received from the donor. Any restricted contribution whose purpose is met within the fiscal year is accounted for as a contribution without donor restriction. When a restriction expires, net assets with donor restrictions are released and reclassified to net assets without donor restrictions. Net assets without donor restrictions, including assets internally designated by the Organization's Board of Directors, are reported as part of the net assets without donor restrictions.

Donated Services and Goods

Contribution of services shall be recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized. Donated materials and assets are recorded at fair market value at the date of the gift.

Functional Allocation of Expenses

The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the Statements of revenue, expenses and other changes in net assets and Statement of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

STEEL MAGNOLIAS  
(A California Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exempt Organization Status and Income Taxes

The Organization is exempt from Federal Income and State Franchise Taxes under the Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of California Revenue Code, respectively. Accordingly, no income taxes provision has been recorded for the fiscal year ended December 31, 2019. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(c)(2).

Subsequent Events

In connection with the adoption of GAAP, the Organization has evaluated subsequent events through June 3, 2020 which was the date the financial statements were available to be issued for the year ended December 31, 2019.

NOTE 2 – BOARD DESIGNATED NET ASSETS

During 2019 the board of directors designated an additional \$196,861 of its net assets without donor restrictions to its quasi-endowment for the Stramski Center's long-term needs. Unappropriated earnings within the quasi-endowment are not considered designated. As of December 31, 2019, the quasi-endowment has a balance of \$336,861.

During 2019 the board of directors designated an additional \$20,000 of its net assets without donor restrictions to its operating reserve. As of December 31, 2019, the reserve has a balance of \$100,000.

NOTE 3 – SPECIAL EVENTS

The Organization conducts special events in order to assist with program operations. A summary of special events for the year ended December 31, 2019 is as follows:

	<u>Gross Revenue</u>	<u>Direct Donor Benefit Expenses</u>	<u>Net</u>
Gala	\$ 94,974	(\$ 26,478)	\$ 68,496
Golf Tournament	104,886	( 13,748)	91,138
Home Tour	51,994	( 7,476)	44,518
TV Nite	<u>1,673</u>	<u>( 941)</u>	<u>732</u>
	<u>\$ 253,527</u>	<u>(\$ 48,643)</u>	<u>\$ 204,884</u>

STEEL MAGNOLIAS  
(A California Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 4 – GRANTS

During the year, the Organization granted and paid \$140,000 to Memorial Medical Center Foundation. The grants were temporarily restricted for the exclusive use by Stramski Children’s Development Center at Miller Children’s Hospital Long Beach.

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Organization operates in Long Beach, California and is dependent upon the local economy.

The Organization maintains cash in various financial institutions which may, at times, exceed FDIC insured maximum deposit insurance amount of \$250,000. As of December 31, 2019 uninsured cash balances totaled \$216,746.

NOTE 6 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

Cash & cash equivalents	\$14,660
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The board of directors and management prepare a budget each year based on their knowledge of prior year transactions and potential transactions. The board of directors and management review the Organization’s financial statements on a regular basis in order to determine the Organization’s liquid position and future prospects. The Organization’s most significant expenditure is the annual grant to the Stramski Children’s Development Center at Miller Children’s Hospital of Long Beach. This grant is appropriated each year based on the activity of the Organization’s fundraisers.

The board of directors has designated \$100,000 for future expenditures, and \$336,861 as a quasi-endowment fund. Both of these designated funds are described in Note 2. Because of the board of director’s designations, neither of those funds are available for general expenditure within the next year; however the board has the ability to undesignate the designated net assets of \$436,861, making them available for general use if necessary.

STEEL MAGNOLIAS  
(A California Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 7 – SUBSEQUENT EVENTS

The Global Coronavirus Outbreak has had a financial impact on the Organization. Due to the Outbreak the Organization has had to cancel a few of its events and has moved some of its events to later dates. Additionally, any future cancellation of significant special fundraising events and unforeseen business interruptions caused by the Outbreak could have an adverse effect on the Organization's operations and cash flow.