

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION

June 30, 2017 and 2016



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION

June 30, 2017 and 2016

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MINISTRY PROJECT, INC.

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SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION

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FINANCIAL STATEMENTS



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
South Central Los Angeles
Ministry Project, Inc.
Los Angeles, California

We have audited the accompanying financial statements of South Central Los Angeles Ministry Project, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

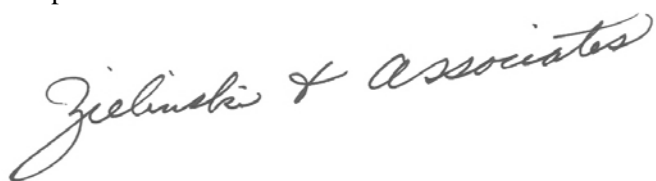
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Central Los Angeles Ministry Project, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 15 through 22 and the other required information on pages 23 through 32, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated October 25, 2017, on our consideration of internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.



October 25, 2017

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 46,391	\$ 93,742
Investments (Note C)	259,936	153,985
Accounts receivable	456	-
Prepaid expenses and other assets	8,699	2,750
Furniture, fixtures, and equipment net of accumulated depreciation (Note D)	<u>119,122</u>	<u>14,809</u>
TOTAL ASSETS	<u>\$ 434,604</u>	<u>\$ 265,286</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 373	\$ 1,104
Accrued liabilities (Note E)	27,111	30,852
Deferred revenue	<u>15,000</u>	<u>47,000</u>
TOTAL LIABILITIES	<u>42,484</u>	<u>78,956</u>
Net assets		
Unrestricted	340,886	135,096
Temporarily restricted (Note F)	1,234	1,234
Permanently restricted (Note G)	<u>50,000</u>	<u>50,000</u>
TOTAL NET ASSETS	<u>392,120</u>	<u>186,330</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 434,604</u>	<u>\$ 265,286</u>

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues								
Grant revenue	\$ 505,034	-	-	\$ 505,034	\$ 656,962	-	-	\$ 656,962
Contributions and appeals	388,535	-	-	388,535	272,703	-	-	272,703
California State Grant	180,674	-	-	180,674				
In-kind revenue	52,958	-	-	52,958	51,875	-	-	51,875
Investment income	3,606	-	-	3,606	4,526	-	-	4,526
Other	1,205	-	-	1,205	9,439	-	-	9,439
Net assets released from program restrictions	-	-	-	-0-	25,000	\$ (25,000)	-	-0-
TOTAL REVENUES	<u>1,132,012</u>	<u>-</u>	<u>-</u>	<u>1,132,012</u>	<u>1,020,505</u>	<u>(25,000)</u>	<u>-</u>	<u>995,505</u>
Expenses								
Program services	702,328	-	-	702,328	766,537	-	-	766,537
Management and general	163,891	-	-	163,891	175,345	-	-	175,345
Fundraising	62,348	-	-	62,348	64,808	-	-	64,808
TOTAL EXPENSES	<u>928,567</u>	<u>-</u>	<u>-</u>	<u>928,567</u>	<u>1,006,690</u>	<u>-</u>	<u>-</u>	<u>1,006,690</u>
CHANGES IN NET ASSETS BEFORE OTHER CHANGES	<u>203,445</u>	<u>-</u>	<u>-</u>	<u>203,445</u>	<u>13,815</u>	<u>(25,000)</u>	<u>-</u>	<u>(11,185)</u>
Other Changes								
Gain (loss) on investments	2,345	-	-	2,345	(2,162)	-	-	(2,162)
CHANGES IN NET ASSETS	205,790	-	-	205,790	11,653	(25,000)	-	(13,347)
Net Assets, Beginning of Year	<u>135,096</u>	<u>\$ 1,234</u>	<u>\$ 50,000</u>	<u>186,330</u>	<u>123,443</u>	<u>26,234</u>	<u>\$ 50,000</u>	<u>199,677</u>
NET ASSETS, END OF YEAR	<u>\$ 340,886</u>	<u>\$ 1,234</u>	<u>\$ 50,000</u>	<u>\$ 392,120</u>	<u>\$ 135,096</u>	<u>\$ 1,234</u>	<u>\$ 50,000</u>	<u>\$ 186,330</u>

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2017

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total</u>	
	<u>Early Childhood Education</u>	<u>Parenting Program</u>	<u>English Second Language Program</u>	<u>Summer Camp Program</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		<u>Total Supporting Services</u>
Personnel Expenses									
Salaries and wages	\$ 294,709	\$ 37,067	\$ 53,297	\$ 30,010	\$ 415,083	\$ 91,073	\$ 26,002	\$ 117,075	\$ 532,158
In-kind salaries	-	-	21,600	-	21,600	-	-	-	21,600
Benefits and taxes	41,370	5,186	7,569	4,143	58,268	13,547	1,942	15,489	73,757
TOTAL PERSONNEL EXPENSES	336,079	42,253	82,466	34,153	494,951	104,620	27,944	132,564	627,515
Professional services	7,957	1,147	333	-	9,437	3,442	27,212	30,654	40,091
Rent	53,306	7,614	11,734	-	72,654	12,411	3,808	16,219	88,873
Miscellaneous	2,032	281	30	-	2,343	2,666	291	2,957	5,300
Supplies	22,475	5,437	856	8,979	37,747	17,781	32	17,813	55,560
Food	33,049	776	51	-	33,876	1,645	22	1,667	35,543
Professional development	3,203	-	-	-	3,203	126	-	126	3,329
Accounting and legal	6,961	688	422	-	8,071	1,492	381	1,873	9,944
Travel	31	-	-	-	31	5,228	201	5,429	5,460
Maintenance and repairs	14,008	750	151	-	14,909	6,430	247	6,677	21,586
Utilities	10,582	1,202	1,660	-	13,444	2,262	761	3,023	16,467
Telephone	4,690	661	64	-	5,415	991	267	1,258	6,673
Printing	-	-	-	-	-	355	599	954	954
Depreciation	2,619	-	-	-	2,619	1,857	287	2,144	4,763
Postage	-	-	-	-	-	630	117	747	747
Equipment	2,575	875	178	-	3,628	1,955	179	2,134	5,762
TOTAL 2017 FUNCTIONAL EXPENSES	<u>\$ 499,567</u>	<u>\$ 61,684</u>	<u>\$ 97,945</u>	<u>\$ 43,132</u>	<u>\$ 702,328</u>	<u>\$ 163,891</u>	<u>\$ 62,348</u>	<u>\$ 226,239</u>	<u>\$ 928,567</u>

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2016

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total</u>	
	<u>Early Childhood Education</u>	<u>Parenting Program</u>	<u>English Second Language Program</u>	<u>Summer Camp Program</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		<u>Total Supporting Services</u>
Personnel Expenses									
Salaries and wages	\$ 331,415	\$ 41,661	\$ 59,915	\$ 33,713	\$ 466,704	\$ 102,400	\$ 29,233	\$ 131,633	\$ 598,337
In-kind salaries	-	-	21,600	-	21,600	-	-	-	21,600
Benefits and taxes	54,460	6,903	9,971	5,370	76,704	17,592	2,522	20,114	96,818
TOTAL PERSONNEL EXPENSES	385,875	48,564	91,486	39,083	565,008	119,992	31,755	151,747	716,755
Professional services	7,160	1,032	299	-	8,491	3,098	24,483	27,581	36,072
Rent	60,480	8,640	13,311	-	82,431	14,082	4,320	18,402	100,833
Miscellaneous	2,257	313	42	-	2,612	2,973	325	3,298	5,910
Supplies	22,632	5,478	871	10,015	38,996	17,911	32	17,943	56,939
Food	20,857	490	32	-	21,379	1,039	14	1,053	22,432
Professional development	2,932	-	-	-	2,932	115	-	115	3,047
Accounting and legal	6,670	659	404	-	7,733	1,430	365	1,795	9,528
Travel	17	-	-	-	17	1,458	1,551	3,009	3,026
Maintenance and repairs	11,736	628	126	-	12,490	5,388	206	5,594	18,084
Utilities	11,122	1,263	1,745	-	14,130	2,377	800	3,177	17,307
Telephone	2,939	414	40	-	3,393	621	167	788	4,181
Printing	-	-	-	-	-	109	184	293	293
Depreciation	2,619	-	-	-	2,619	1,857	287	2,144	4,763
Postage	-	-	-	-	-	575	107	682	682
Equipment	3,056	1,038	212	-	4,306	2,320	212	2,532	6,838
TOTAL 2016 FUNCTIONAL EXPENSES	<u>\$ 540,352</u>	<u>\$ 68,519</u>	<u>\$ 108,568</u>	<u>\$ 49,098</u>	<u>\$ 766,537</u>	<u>\$ 175,345</u>	<u>\$ 64,808</u>	<u>\$ 240,153</u>	<u>\$ 1,006,690</u>

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

STATEMENTS OF CASH FLOWS

June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Changes in net assets	\$ 205,790	\$ (13,347)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	4,763	4,763
(Gain) loss on investment	(2,345)	2,162
(Increase) decrease in:		
Accounts receivable	(456)	35,000
Prepaid expenses	(5,649)	5,931
Increase (decrease) in:		
Accounts payable	(731)	(8,901)
Accrued liabilities	(3,741)	3,083
Deferred revenue	(32,000)	32,000
	<u>165,631</u>	<u>60,691</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Cash Flows from Investing Activities		
Purchase of furniture, fixtures, and equipment—net	(109,076)	-
Net (decrease) increase in investments	(103,906)	13,975
	<u>(212,982)</u>	<u>13,975</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(47,351)	74,666
Cash and Cash Equivalents, Beginning of Year	<u>93,742</u>	<u>19,076</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 46,391</u>	<u>\$ 93,742</u>

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE A—THE ORGANIZATION

Mission Statement: South Central Los Angeles Ministry Project, Inc. (South Central LAMP) provides a supportive, nurturing environment for economically poor women and their families by offering educational programs that empower women and their families to reach their full potential, build self-esteem, and strengthen mutual interdependent relations.

South Central LAMP was founded in 1992 by representatives from eight congregations of women religious in response to the civil unrest of that year. While researching the specific needs of local residents, they found a strong desire from Latino immigrant mothers to improve their literacy and education, enhance their parenting skills, and prepare their children for school and success in life. In dialogue with the local community, the founders developed programming that has grown to include culturally competent language and literacy education, early childhood education for children 0–5, enrichment activities for children ages 5–12, health education and services, access to a variety of community resources, and an environment that supports the entire family in its quest to learn and thrive. The programs, which are offered free of charge, empower more than 300 children and adults each year, helping them overcome the challenges of living in an isolated community with high rates of violent crime, poverty, unemployment, illiteracy, and alcohol and substance abuse.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Classification of Net Assets

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of South Central LAMP are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted net assets—these generally result from revenues generated by receiving unrestricted contributions and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily restricted net assets—South Central LAMP reports gifts of cash and other assets as temporarily 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 the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from program or capital restrictions.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2017 and 2016

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Permanently restricted net assets—net assets received from donors who stipulate that resources are to be maintained permanently but permit South Central LAMP to expend all of the income (or other economic benefits) derived from the donated assets.

Cash and Cash Equivalents

South Central LAMP has defined cash and cash equivalents as all highly liquid debt instruments purchased with an original maturity of three months or less.

Investments

Investments are recorded at fair value using quoted prices in active markets. Realized gains or losses on sales of investments are determined on a specific cost identification method. Unrealized gains and losses are determined based upon year-end market value fluctuations. South Central LAMP follows the practice of diversifying its portfolio to mitigate the concentration of credit risk. Unrealized gains and losses on investments are classified as non-operating items and are reported as other changes in the statements of activities.

Accounts Receivable

Accounts receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly.

As all the receivables are deemed fully collectible, no allowance is provided for doubtful accounts.

Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets, which is five years. Maintenance and repair costs are charged to expense as incurred.

Furniture, fixtures, and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2017 and 2016

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Concentration of Credit Risk

South Central LAMP maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. South Central LAMP has not experienced any losses in such accounts and believes it is not exposed to any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Donated Materials and Services

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. South Central LAMP received \$52,958 and \$51,875 of volunteer services and donated supplies during the years ended June 30, 2017 and 2016, respectively.

Income Taxes

South Central LAMP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from comparable state law whereby only unrelated business income when earned, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. South Central LAMP currently has no unrelated business income.

South Central LAMP does not believe there are any material uncertain tax positions and, accordingly, they will not recognize any liability for them. For the year ended June 30, 2016, there were no penalties or interest recorded or included in the financial statements.

South Central LAMP's Forms 990, Return of Organization Exempt from Income Taxes for the years ending June 30, 2017, 2016, and 2015, are subject to examination by the IRS, generally three years after they were filed.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2017 and 2016

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Functional Allocation of Expenses

Costs of providing South Central LAMP's programs and other activities have been presented in the statements of functional expenses. The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. All directly identifiable costs have been allocated by management among the program and supporting services benefited. Salary percentages are used to allocate indirect costs.

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 reported amounts of assets, liabilities, revenues, and expenses as of that date and for the period presented. Accordingly, actual results could differ from those estimates.

NOTE C—INVESTMENTS

South Central LAMP adopted FASB Accounting Standards Codification (ASC) Topic 820. Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2017 and 2016

NOTE C—INVESTMENTS *(Continued)*

The following tables present the fair value measurements of investments recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the ASC 820 fair value hierarchy in which the fair value measurements fall at June 30:

	Fair Value 2017	Fair Value 2016
Cash and cash equivalents	\$ 165,703	\$ 63,270
Mutual funds	44,439	44,823
Common stock	49,794	45,892
TOTAL LEVEL ONE	\$ 259,936	\$ 153,985

Investment income for the years ended June 30, 2017 and 2016 was as follows:

	2017	2016
Investment income	\$ 3,606	\$ 4,526
Gain (loss) on investments	3,420	(2,162)
Investment fees	(1,075)	(79)
	\$ 5,951	\$ 2,285

NOTE D—FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, fixtures, and equipment consisted of the following:

	2017	2016
Furniture, fixtures, and equipment	\$ 39,766	\$ 39,766
Leasehold improvements	110,513	1,437
Less: accumulated depreciation	(31,157)	(26,394)
TOTAL EQUIPMENT	\$ 119,122	\$ 14,809
Depreciation expense	\$ 4,763	\$ 4,763

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2017 and 2016

NOTE D—FURNITURE, FIXTURES, AND EQUIPMENT *(Continued)*

Included in leasehold improvements is \$109,075, which is permanent playground equipment that was designed and installed by contractors chosen by LAUP, who paid for the equipment during the year ended June 30, 2017.

If South Central LAMP vacates its current location, this equipment cannot be removed.

NOTE E—ACCRUED LIABILITIES

Accrued liabilities consisted of the following:

	<u>2017</u>	<u>2016</u>
Accrued payroll and taxes	\$ 12,822	\$ 14,084
Accrued vacation	<u>14,289</u>	<u>16,768</u>
TOTAL ACCRUED LIABILITIES	<u>\$ 27,111</u>	<u>\$ 30,852</u>

NOTE F—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following purpose at June 30:

	<u>2017</u>	<u>2016</u>
Computer lab	<u>\$ 1,234</u>	<u>\$ 1,234</u>

NOTE G—PERMANENTLY RESTRICTED NET ASSETS

With consent of the donor, at times South Central LAMP can apply endowment funds to fund operating costs. The funding plan requires approval by the Board of Directors. At June 30, 2017, no funds were due to the Endowment Fund.

NOTE H—COMMITMENTS AND CONTINGENCIES

South Central LAMP's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guideline and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, South Central LAMP has no provision for the possible disallowance of program costs on its financial statements.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE I—LEASE OBLIGATIONS

South Central LAMP entered into a rental agreement to rent building space in August 2006. The lease expires in August 2017, with the option to renew. The required monthly payment is \$7,200. Subsequent to the year end, the lease was renewed for one year.

South Central LAMP leases a copier under non-cancelable operating leases. The lease was entered into on September 25, 2012 and expires September 2017. The required quarterly payment is \$316.

Future minimum lease payments due under these leases at June 30, 2017 are as follows:

Fiscal Year
Ending June 30

2018	\$ <u>87,348</u>
------	------------------

Rent expense on the leases totaled \$90,192 and \$100,833 for the years ended June 30, 2017 and 2016, respectively.

NOTE J—GOVERNMENT GRANTS

The Organization received public funds during the year ended June 30, 2017, from the California Department of Education. Funding was received for the California State Preschool Program and the Child and Adult Care Food Program totaling \$146,718 and \$33,956, respectively.

NOTE K—COST ALLOCATION PLAN

South Central LAMP updates its cost allocation plan annually and obtains approval from its Board of Directors. Its indirect cost allocation plan is on file in the organization's main accounting office. South Central LAMP allocates its costs based on the relative benefits received by the programs or activities. Accordingly, the organization applies the following methods for allocating costs:

Direct Costs. Costs identified 100 percent to a specific program are charged directly to that program.

Indirect Costs. Costs that benefit the operations of the entire organization, which cannot be identified to specific programs or activities, are allocated according to an approved indirect cost allocation plan.

NOTE L—SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 25, 2017, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS

Year Ended June 30, 2017

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Award Amount</u>			<u>Expenditures</u>	
			<u>Federal</u>	<u>State</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>
U.S. Department of Agriculture Passed through California Department of Education: Child and Adult Care Food Program: CNIPS ID# 06169—CACFP—19—NP—IC	10.558		\$ 33,956	-	\$ 33,956	\$ 33,956	-
			<u>33,956</u>	<u>-</u>	<u>33,956</u>	<u>33,956</u>	<u>-</u>
California State Preschool Program		CSPP6656	-	\$ 146,718	146,718	-	\$ 146,718
TOTAL FEDERAL AND STATE			<u>\$ 33,956</u>	<u>\$ 146,718</u>	<u>\$ 180,674</u>	<u>\$ 33,956</u>	<u>\$ 146,718</u>

Footnote 1. Basis of Presentation

The *Schedule of Expenditures of Federal and State Awards* includes the expenditures of federal awards of South Central LAMP. Expenditures are presented on the accrual basis of accounting. The federal information in this schedule is presented in accordance with the requirements of *Uniform Grants Guidance*, 2 CFR Part 200, Subpart F. Thus, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

COMBINING SCHEDULE OF ACTIVITIES

Year Ended June 30, 2017

	CSPP6656	Total CDE CD Contracts	Non-CDE Programs	Total
Revenues				
Grant revenue	-	-	\$ 505,034	\$ 505,034
Contributions and appeals	\$ 232,076	\$ 232,076	156,459	388,535
California State Grant	146,718	146,718	33,956	180,674
In-kind revenue	-	-	52,958	52,958
Investment income	-	-	3,606	3,606
Other	-	-	1,205	1,205
TOTAL REVENUES	378,794	378,794	753,218	1,132,012
Expenses				
Program services	352,243	352,243	350,085	702,328
Management and general	-	-	163,891	163,891
Fundraising	-	-	62,348	62,348
TOTAL EXPENSES	352,242	352,243	576,324	928,567
CHANGES IN NET ASSETS BEFORE OTHER CHANGES	26,551	26,551	176,894	203,445
Other Changes				
Gain on investments	-	-	2,345	2,345
CHANGES IN NET ASSETS	26,551	26,551	179,239	205,790
Net Assets, Beginning of Year	-	-	186,330	186,330
NET ASSETS, END OF YEAR	\$ 26,551	\$ 26,551	\$ 365,569	\$ 392,120

See accompanying auditor's reports and notes to financial statements.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

Year Ended June 30, 2017

	<u>CSPP6656</u>	<u>Total CDE CD Contracts</u>
Expenditures		
Direct payments to providers	-	-
1000 Certificated salaries	\$ 117,073	117,073
2000 Classified salaries	40,872	40,872
3000 Employee benefits	-	-
4000 Books and supplies	9,845	9,845
5000 Services and other operating expenses	75,377	75,377
6100/6200 Other approved capital outlay	-	-
6400 New equipment	109,076	109,076
6500 Replacement equipment	-	-
Depreciation on assets not purchased with public funds	-	-
Start-up expenses—service level exemption	-	-
Budget impasse credit expenses—service level exemption	-	-
Indirect costs (a)	-	-
	-	-
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT (b)	<u>352,243</u>	<u>352,243</u>
Total supplemental expenses	-	-
TOTAL EXPENDITURES	<u>\$ 352,243</u>	<u>\$ 352,243</u>

Notes:

- (a) A written indirect cost allocation plan for the current fiscal year, approved by the Board of Directors, is on file in the main accounting office of South Central Los Angeles Ministry Project, Inc.
- (b) Any food expenses have been allocated to the appropriate contracts.

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to the governing laws, regulations, and contract provisions.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS

Year Ended June 30, 2017

	<u>CSPP6656</u>	<u>Total CDE</u>
Reimbursable Administrative Costs		
Salaries	\$ 2,075	\$ 2,075
Employee benefits	-	-
Books and supplies	-	-
Services and other operating expenses	-	-
Depreciation on non-CDE-funded assets used in program	-	-
Indirect costs	-	-
	<hr/>	<hr/>
TOTAL	<u>\$ 2,075</u>	<u>\$ 2,075</u>

OTHER REQUIRED INFORMATION

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Programs

Agency Name: South Central Los Angeles Ministry Project, Inc. Vendor No. 0000A686-00

Fiscal Year Ended: June 30, 2017 Contract No. CSPP 6656

Independent Auditor's Name: Zielinski & Associates, P.C.

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time			-	1.0000	-
Three-quarters-time			-	0.7500	-
One-half-time			-	0.6196	-
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time			-	1.2000	-
Three-quarters-time			-	0.9000	-
One-half-time			-	0.6196	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time	5,854		5,854	0.6196	3,627.138
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6196	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6196	-
TOTAL DAYS OF ENROLLMENT	5,854	-	5,854		3,627.138
DAYS OF OPERATION	175		175		
DAYS OF ATTENDANCE	5,764		5,764		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: South Central Los Angeles Ministry Project, Inc. Vendor No. 0000A686-00

Fiscal Year Ended: June 30, 2017 Contract No. CSPP 6656

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus			-	1.6520	-
Full-time			-	1.4000	-
Three-quarters-time			-	1.0500	-
One-half-time			-	0.7700	-
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time			-	1.0000	-
Three-quarters-time			-	0.7500	-
One-half-time			-	0.6196	-
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time			-	1.2000	-
Three-quarters-time			-	0.9000	-
One-half-time			-	0.6196	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time	1,827		1,827	0.6196	1,132.009
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6196	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6196	-
TOTAL DAYS OF ENROLLMENT	1,827	-	1,827		1,132

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: South Central Los Angeles Ministry Project, Inc. Vendor No. 0000A686-00

Fiscal Year End: June 30, 2017 Contract No. CSPP 6656

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$28,082	\$5,874	\$33,956
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$28,082	\$5,874	\$33,956
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
Subtotal	\$0	\$0	\$0
Family Fees for Certified Children			0
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	123,000		123,000
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
TOTAL REVENUE	\$151,082	\$5,874	\$156,956

SECTION IV - REIMBURSABLE EXPENSES			
<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	117,073		117,073
2000 Classified Salaries	40,872		40,872
3000 Employee Benefits			0
4000 Books and Supplies	9,845		9,845
5000 Services and Other Operating Expenses	75,377		75,377
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)	109,076		109,076
6500 Replacement Equipment (<i>program-related</i>)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$352,243	\$0	\$352,243
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$2,075		\$2,075

FOR CDE-A&I USE ONLY:			
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Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

YES

NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

YES

NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or expenses to report.



ZIELINSKI & ASSOCIATES, P.C.

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Board of Directors
South Central Los Angeles
Ministry Project, Inc.
Los Angeles, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Central Los Angeles Ministry Project, Inc., (South Central LAMP) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise South Central LAMP's basic financial statements, and have issued our report thereon dated October 25, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Central LAMP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Central LAMP's internal control. Accordingly, we do not express an opinion on the effectiveness of South Central LAMP's internal control.

A deficiency in internal control exists when the design or operating of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

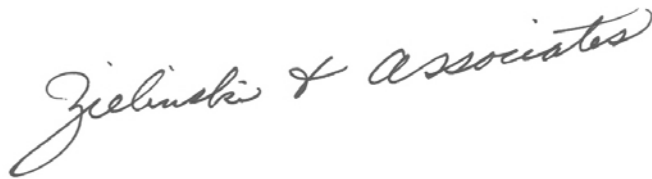
Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Central LAMP's financial statements are free from material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of South Central LAMP in a separate letter dated October 25, 2017.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of South Central LAMP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



October 25, 2017



ZIELINSKI & ASSOCIATES, P.C.

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Report on Compliance for Each Major Program, Report on Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by *Uniform Grants Guidance*, 2 CFR Part 200, Subpart F

Board of Directors
South Central Los Angeles
Ministry Project, Inc.
Los Angeles, California

Report on Compliance for Each Major Program

We have audited South Central Los Angeles Ministry Project's (South Central LAMP) compliance with the types of compliance requirements described in *Uniform Grants Guidance*, 2 CFR Part 200, Subpart F that could have a direct and material effect on each of South Central LAMP's major federal programs for the year ended June 30, 2017. South Central LAMP had no major federal programs for the year ended June 30, 2017. The programs subjected to our audit are shown in the Schedule of Expenditures of Federal and State Awards.

Management's Responsibility for the Financial Statements

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for South Central LAMP's programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Uniform Grants Guidance*, 2 CFR Part 200, Subpart F. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a program occurred. An audit includes examining, on a test basis, evidence about South Central LAMP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the programs. However, our audit does not provide a legal determination of South Central LAMP's compliance.

Opinion on Programs

In our opinion, South Central LAMP complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of South Central LAMP is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Central LAMP's internal control over compliance with the types of requirements that could have a direct and material effect on each program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each program and to test and report on internal control over compliance in accordance with *Uniform Grants Guidance*, 2 CFR Part 200, Subpart F, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Central LAMP's internal control over compliance.

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Uniform Grants Guidance*, 2 CFR Part 200, Subpart F. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by *Uniform Grants Guidance*, 2 CFR Part 200, Subpart F

We have audited the financial statements of South Central LAMP as of and for the year ended June 30, 2017, and have issued our report thereon dated October 25, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by *Uniform Grants Guidance*, 2 CFR Part 200, Subpart F and is not a required part of the 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

financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Zielinski & Associates

October 25, 2017

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2017

Section I—Summary of Auditor’s Results	<u>Yes</u>	<u>No</u>
<i>Financial Statements</i>		
Type of auditor’s report issued: Unmodified		
Internal control over financial reporting:		
• Material weaknesses identified?		X
• Significant deficiency identified that is not considered to be a material weakness?		X
Noncompliance material to financial statements noted?		X
<i>Federal Awards</i>		
Internal control over major programs:		
• Material weakness identified?		X
• Significant deficiency identified that is not considered to be material weakness?		X
Type of auditor’s report issued on compliance for major programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with <i>Uniform Grants Guidance</i> , at 2 CFR Part 200.515(d)(1)(vi)?		X
Identification of major programs: CFDA Number: Name of Federal Program or Cluster: None None		
Dollar threshold used to distinguish between type A and type B programs: \$300,000		
Auditee qualified as a low-risk auditee?		X
Section II—Financial Statement Findings		
Current year financial statement findings: None		
Section III—Findings and Questioned Costs for Federal and State Awards—Current Year		
None.		

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2017

Section IV—Status of Corrective Action on Prior Year Findings

N/A. This was the first year audited under *Government Auditing Standards*.



ZIELINSKI & ASSOCIATES, P.C.

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Board of Directors
South Central Los Angeles
Ministry Project, Inc.
Los Angeles, California

In planning and performing our audit of the financial statements of South Central Los Angeles Ministry Project, Inc. (South Central LAMP) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered South Central LAMP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Central LAMP's internal control. Accordingly, we do not express an opinion on the effectiveness of South Central LAMP's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designated to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This communication is intended solely for the information and use of management and the Board of Directors of South Central LAMP, others within the organization, and officials of the California Department of Education and is not intended to be, and should not be, used by anyone other than these specified parties.

Zielinski & Associates

October 25, 2017

MANAGEMENT LETTER

The management letter has been issued under separate cover.