

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

FINANCIAL STATEMENTS AND  
OTHER FINANCIAL INFORMATION

*June 30, 2018 and 2017*



ZIELINSKI & ASSOCIATES, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

FINANCIAL STATEMENTS AND  
OTHER FINANCIAL INFORMATION

*June 30, 2018 and 2017*

SOUTH CENTRAL LOS ANGELES  
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SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

FINANCIAL STATEMENTS AND  
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*June 30, 2018 and 2017*

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# FINANCIAL STATEMENTS



# ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**HEADQUARTERS**  
2150 Hampton Avenue  
St. Louis, Missouri 63139  
1.800.489.2150  
314.644.2150  
Fax: 314.644.7132  
[www.zielinskico.com](http://www.zielinskico.com)  
[mail@zielinskico.com](mailto:mail@zielinskico.com)

**EUROPEAN LEGAL ADVISOR**  
Dalla Vedova  
Studio Legale  
12, Via V. Bachelet  
00185 Roma, Italia  
011.3906.444.0821  
Fax: 011.3906.446.2165

## **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, 2018 and 2017, 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**

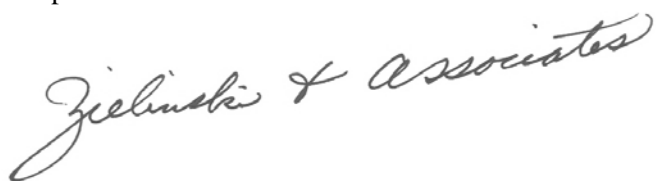
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Central Los Angeles Ministry Project, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with 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 27 and the other required information on pages 28 through 36 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 November 8, 2018, 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.



November 8, 2018

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION

*June 30, 2018 and 2017*

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 244,778	\$ 46,391
Investments (Note C)	152,284	259,936
Accounts receivable	11,816	456
Prepaid expenses and other assets	4,883	8,699
Furniture, fixtures, and equipment net of accumulated depreciation (Note D)	<u>120,859</u>	<u>119,122</u>
<b>TOTAL ASSETS</b>	<u>\$ 534,620</u>	<u>\$ 434,604</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 1,902	\$ 373
Accrued liabilities (Note E)	30,218	27,111
Deferred revenue	<u>54,500</u>	<u>15,000</u>
<b>TOTAL LIABILITIES</b>	<u>86,620</u>	<u>42,484</u>
Net assets		
Unrestricted	398,000	340,886
Temporarily restricted (Note F)	-	1,234
Permanently restricted (Note G)	<u>50,000</u>	<u>50,000</u>
<b>TOTAL NET ASSETS</b>	<u>448,000</u>	<u>392,120</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 534,620</u>	<u>\$ 434,604</u>



SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

STATEMENTS OF ACTIVITIES

*For the years ended June 30, 2018 and 2017*

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues</b>								
Grant revenue	\$ 404,050	-	-	\$ 404,050	\$ 505,034	-	-	\$ 505,034
Contributions and appeals	350,168	-	-	350,168	388,535	-	-	388,535
California State Grants	204,806	-	-	204,806	180,674	-	-	180,674
In-kind revenue	49,503	-	-	49,503	52,958	-	-	52,958
Investment income	4,678	-	-	4,678	3,606	-	-	3,606
Other	102	-	-	102	1,205	-	-	1,205
Net assets released from restrictions	1,234	\$ (1,234)	-	-0-	-	-	-	-0-
<b>TOTAL REVENUES</b>	<u>1,014,541</u>	<u>(1,234)</u>	<u>-</u>	<u>1,013,307</u>	<u>1,132,012</u>	<u>-</u>	<u>-</u>	<u>1,132,012</u>
<b>Expenses</b>								
Program services	735,279	-	-	735,279	702,328	-	-	702,328
Management and general	156,762	-	-	156,762	163,891	-	-	163,891
Fundraising	62,646	-	-	62,646	62,348	-	-	62,348
<b>TOTAL EXPENSES</b>	<u>954,687</u>	<u>-</u>	<u>-</u>	<u>954,687</u>	<u>928,567</u>	<u>-</u>	<u>-</u>	<u>928,567</u>
<b>CHANGES IN NET ASSETS BEFORE OTHER CHANGES</b>	<u>59,854</u>	<u>(1,234)</u>	<u>-</u>	<u>58,620</u>	<u>203,445</u>	<u>-</u>	<u>-</u>	<u>203,445</u>
<b>Other Changes</b>								
(Loss) gain on investments	(2,740)	-	-	(2,740)	2,345	-	-	2,345
<b>CHANGES IN NET ASSETS</b>	<u>57,114</u>	<u>(1,234)</u>	<u>-</u>	<u>55,880</u>	<u>205,790</u>	<u>-</u>	<u>-</u>	<u>205,790</u>
<b>Net Assets, Beginning of Year</b>	<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>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 398,000</u>	<u>\$ -0-</u>	<u>\$ 50,000</u>	<u>\$ 448,000</u>	<u>\$ 340,886</u>	<u>\$ 1,234</u>	<u>\$ 50,000</u>	<u>\$ 392,120</u>

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

*For the year ended June 30, 2018*

	<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>
<b>Personnel Expenses</b>									
Salaries and wages	\$ 306,638	\$ 38,330	\$ 54,757	\$ 27,378	\$ 427,103	\$ 93,086	\$ 27,378	\$ 120,464	\$ 547,567
In-kind salaries	-	-	21,600	-	21,600	-	-	-	21,600
Benefits and taxes	54,411	881	183	-	55,475	20,659	258	20,917	76,392
<b>TOTAL PERSONNEL EXPENSES</b>	361,049	39,211	76,540	27,378	504,178	113,745	27,636	141,381	645,559
Professional services	10,951	1,598	447	99	13,095	2,527	24,567	27,094	40,189
Rent	61,358	8,765	25,017	-	95,140	13,148	4,345	17,493	112,633
Miscellaneous	3,345	451	229	7,936	11,961	2,524	283	2,807	14,768
Supplies and activities	22,423	2,466	700	-	25,589	10,684	1,907	12,591	38,180
Food	40,826	157	63	-	41,046	87	6	93	41,139
Professional development	701	3	2	-	706	494	345	839	1,545
Accounting and legal	7,982	1,140	342	-	9,464	1,710	228	1,938	11,402
Travel	60	-	-	-	60	2,635	335	2,970	3,030
Maintenance and repairs	8,827	1,211	479	-	10,517	3,034	235	3,269	13,786
Utilities	10,078	1,440	1,521	-	13,039	2,160	552	2,712	15,751
Telephone	5,284	765	172	-	6,221	1,148	211	1,359	7,580
Printing	-	-	-	-	-	42	1,656	1,698	1,698
Depreciation	2,619	-	-	-	2,619	1,857	287	2,144	4,763
Postage	10	21	-	-	31	675	-	675	706
Equipment	1,374	195	44	-	1,613	292	53	345	1,958
<b>TOTAL 2018 FUNCTIONAL EXPENSES</b>	<u>\$ 536,887</u>	<u>\$ 57,423</u>	<u>\$ 105,556</u>	<u>\$ 35,413</u>	<u>\$ 735,279</u>	<u>\$ 156,762</u>	<u>\$ 62,646</u>	<u>\$ 219,408</u>	<u>\$ 954,687</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>
<b>Personnel Expenses</b>									
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
<b>TOTAL PERSONNEL EXPENSES</b>	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 and activities	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
<b>TOTAL 2017 FUNCTIONAL EXPENSES</b>	<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.

STATEMENTS OF CASH FLOWS

*For the years ended June 30, 2018 and 2017*

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 55,880	\$ 205,790
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	4,763	4,763
Loss (gain) on investment	2,740	(2,345)
(Increase) decrease in:		
Accounts receivable	(11,360)	(456)
Prepaid expenses	3,816	(5,649)
Donated equipment	(6,500)	-
Increase (decrease) in:		
Accounts payable	1,529	(731)
Accrued liabilities	3,107	(3,741)
Deferred revenue	<u>39,500</u>	<u>(32,000)</u>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 <u>93,475</u>	 <u>165,631</u>
 <b>Cash Flows from Investing Activities</b>		
Purchase of furniture, fixtures, and equipment—net	-	(109,076)
Net decrease (increase) in investments	<u>104,912</u>	<u>(103,906)</u>
 <b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	 <u>104,912</u>	 <u>(212,982)</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 198,387	 (47,351)
 <b>Cash and Cash Equivalents, Beginning of Year</b>	 <u>46,391</u>	 <u>93,742</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u>\$ 244,778</u>	 <u>\$ 46,391</u>

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

*June 30, 2018 and 2017*

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**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 religious women 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, 2018 and 2017*

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**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, 2018 and 2017*

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**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 \$49,503 and \$52,958 of volunteer services and donated supplies during the years ended June 30, 2018 and 2017, 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.

South Central LAMP's Forms 990, Return of Organization Exempt from Income Taxes for the years ending June 30, 2018, 2017, and 2016, are subject to examination by the IRS, generally for three years after they are filed.

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2018 and 2017*

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**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 and square footage 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, 2018 and 2017*

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**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:

	<b>Fair Value 2018</b>	<b>Fair Value 2017</b>
Cash and cash equivalents	\$ 7,545	\$ 165,703
Mutual funds	90,554	44,439
Common stock	<u>54,185</u>	<u>49,794</u>
<b>TOTAL LEVEL ONE</b>	<u>\$ 152,284</u>	<u>\$ 259,936</u>

Investment income for the years ended June 30, 2018 and 2017 was as follows:

	<b>2018</b>	<b>2017</b>
Investment income	\$ 4,678	\$ 3,606
(Loss) gain on investments	(1,353)	3,420
Investment fees	<u>(1,387)</u>	<u>(1,075)</u>
	<u>\$ 1,938</u>	<u>\$ 5,951</u>

**NOTE D—FURNITURE, FIXTURES, AND EQUIPMENT**

Furniture, fixtures, and equipment consisted of the following:

	<b>2018</b>	<b>2017</b>
Furniture, fixtures, and equipment	\$ 46,266	\$ 39,766
Leasehold improvements	110,513	110,513
Less: accumulated depreciation	<u>(35,920)</u>	<u>(31,157)</u>
Furniture, fixtures, and equipment, net	<u>\$ 120,859</u>	<u>\$ 119,122</u>
Depreciation expense	<u>\$ 4,763</u>	<u>\$ 4,763</u>

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2018 and 2017*

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

Included in leasehold improvements is \$109,076, 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. Accordingly, no depreciation is recorded for this asset.

**NOTE E—ACCRUED LIABILITIES**

Accrued liabilities consisted of the following:

	<b>2018</b>	<b>2017</b>
Accrued payroll and taxes	\$ 15,308	\$ 12,822
Accrued vacation	14,910	14,289
<b>TOTAL ACCRUED LIABILITIES</b>	<b>\$ 30,218</b>	<b>\$ 27,111</b>

**NOTE F—TEMPORARILY RESTRICTED NET ASSETS**

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

	<b>2018</b>	<b>2017</b>
Computer lab	\$ -0-	\$ 1,234

**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, 2018 and 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 guidelines 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 not recorded a 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, 2018 and 2017*

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**NOTE I—LEASE OBLIGATIONS**

South Central LAMP entered into a rental agreement to rent building space in August 2007. The original lease term expired in August 2015 and the lease has been renewed on a year-to-year basis since that time. The one year lease expires in August 2018. The required monthly payment is \$7,200. Subsequent to the year end, the lease was renewed for one year.

South Central LAMP leased a copier under a non-cancelable operating lease. The lease was entered into on September 25, 2012 and expired September 2017. The required monthly payment was \$316, plus quarterly amounts due based on usage.

Future minimum lease payments due under these leases at June 30, 2018 are as follows:

**Fiscal Year**  
**Ending June 30**

2019	\$ <u>86,400</u>
------	------------------

Rent expense on the above leases totaled \$86,400 and \$92,162 for the years ended June 30, 2018 and 2017, respectively.

**NOTE J—GOVERNMENT GRANTS**

The Organization received public funds during the years ended June 30, 2018 and 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 \$204,806 and \$180,674, 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 November 8, 2018, 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

*For the Year Ended June 30, 2018*

<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		\$ 44,067	-	\$ 44,067	\$ 44,067	-
			44,067	-	44,067	44,067	-
California State Preschool Program		CSPP7253	-	\$ 160,739	160,739	-	\$ 160,739
<b>TOTAL FEDERAL AND STATE</b>			<u>\$ 45,067</u>	<u>\$ 160,739</u>	<u>\$ 204,806</u>	<u>\$ 44,067</u>	<u>\$ 160,739</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

*For the Year Ended June 30, 2018*

	<b>CSPP 7253</b>	<b>CNIPS 06169</b>	<b>Total CDE CD Contracts</b>	<b>Non-CDE Programs</b>	<b>Total</b>
<b>Revenues</b>					
Grant revenue	-	-	-	\$ 404,050	404,050
Contributions and appeals	\$ 289,100	-	\$ 289,100	61,068	350,168
California State Grants	160,739	\$ 44,067	204,806	-	204,806
In-kind revenue	-	-	-	49,503	49,503
Investment income	-	-	-	4,678	4,678
Other	-	-	-	102	102
<b>TOTAL REVENUES</b>	<b>449,839</b>	<b>44,067</b>	<b>493,906</b>	<b>519,401</b>	<b>1,013,307</b>
<b>Expenses</b>					
Program services	242,534	44,067	286,601	448,678	735,279
Management and general	-	-	-	156,762	156,762
Fundraising	-	-	-	62,646	62,646
<b>TOTAL EXPENSES</b>	<b>242,534</b>	<b>44,067</b>	<b>286,601</b>	<b>668,086</b>	<b>954,687</b>
<b>CHANGES IN NET ASSETS BEFORE OTHER CHANGES</b>	<b>207,305</b>	<b>-</b>	<b>207,305</b>	<b>(148,685)</b>	<b>58,620</b>
<b>Other Changes</b>					
Loss on investments	-	-	-	(2,740)	(2,740)
<b>CHANGES IN NET ASSETS</b>	<b>207,305</b>	<b>-</b>	<b>207,305</b>	<b>(151,425)</b>	<b>55,880</b>
<b>Net Assets, Beginning of Year</b>	<b>26,551</b>	<b>-</b>	<b>26,551</b>	<b>365,569</b>	<b>392,120</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 233,856</b>	<b>\$ -0-</b>	<b>\$ 233,856</b>	<b>\$ 214,144</b>	<b>\$ 448,000</b>

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

*For the Year Ended June 30, 2018*

	<b>CSPP 7253</b>	<b>CNIPS 06169</b>	<b>Total CDE CD Contracts</b>
<b>Expenditures</b>			
Direct payments to providers	-	-	-
1000 Certificated salaries	\$ 121,171	-	\$ 121,171
2000 Classified salaries	43,288	-	43,288
3000 Employee benefits	-	-	-
4000 Books and supplies	5,279	-	5,279
5000 Services and other operating expenses	72,796	\$ 44,067	116,863
6100/6200 Other approved capital outlay	-	-	-
6400 New equipment	-	-	-
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)	-	-	-
	-	-	-
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT (b)</b>	<b>242,534</b>	<b>44,067</b>	<b>286,601</b>
Total supplemental expenses	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 242,534</b>	<b>\$ 44,067</b>	<b>\$ 286,601</b>

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

*For the Year Ended June 30, 2018*

	<b>CSPP 7253</b>	<b>CNIPS 06169</b>	<b>Total CDE</b>
<b>Reimbursable Administrative Costs</b>			
Salaries	\$ 1,986	-	\$ 1,986
Employee benefits	-	-	-
Books and supplies	-	-	-
Services and other operating expenses	-	-	-
Depreciation on non-CDE-funded assets used in program	-	-	-
Indirect costs	-	-	-
<b>TOTAL</b>	<b>\$ 1,986</b>	<b>\$ -0-</b>	<b>\$ 1,986</b>



CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED ATTENDANCE AND FISCAL REPORT FOR  
 CALIFORNIA STATE PRESCHOOL PROGRAMS  
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Fiscal Year Ending

June 30, 2018

Contract Number

CSPP7253

Vendor Code

0000A686-00

Full Name of Contractor South Central Los Angeles Ministry Project, Inc.

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Three and Four Year Olds Full-time-plus				1.1800	0
Three and Four Year Olds Full-time				1.0000	0
Three and Four Year Olds Three-quarters-time				0.7500	0
Three and Four Year Olds One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.4160	0
Exceptional Needs Full-time				1.2000	0
Exceptional Needs Three-quarters-time				0.9000	0
Exceptional Needs One-half-time				0.6193	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time	6,073	0	6,073	0.6193	3,761.0089

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED ATTENDANCE AND FISCAL REPORT FOR  
 CALIFORNIA STATE PRESCHOOL PROGRAMS  
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Fiscal Year Ending June 30, 2018  
 Contract Number CSPP7253  
 Vendor Code 0000A686-00

Full Name of Contractor South Central Los Angeles Ministry Project, Inc.

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				1.7700	0
Severely Disabled Full-time				1.5000	0
Severely Disabled Three-quarters-time				1.1250	0
Severely Disabled One-half-time				0.6193	0
TOTAL DAYS OF ENROLLMENT	6,073	0	6,073	N/A	3,761.0089
DAYS OF OPERATION	175	0	175	N/A	N/A
DAYS OF ATTENDANCE	6,073	0	6,073	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-5) and continue to Revenue Section on page 6.

CALIFORNIA DEPARTMENT OF EDUCATION  
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 CALIFORNIA STATE PRESCHOOL PROGRAMS  
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Fiscal Year Ending June 30, 2018  
 Contract Number CSPP7253  
 Vendor Code 0000A686-00

Full Name of Contractor South Central Los Angeles Ministry Project, Inc.

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Toddlers (18 up to 36 months) Full-time-plus				1.6520	0
Toddlers (18 up to 36 months) Full-time				1.4000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.0500	0
Toddlers (18 up to 36 months) One-half-time				0.7700	0
Three and Four Year Olds Full-time-plus				1.1800	0
Three and Four Year Olds Full-time				1.0000	0
Three and Four Year Olds Three-quarters-time				0.7500	0
Three and Four Year Olds One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.4160	0
Exceptional Needs Full-time				1.2000	0
Exceptional Needs Three-quarters-time				0.9000	0
Exceptional Needs One-half-time				0.6193	0

CALIFORNIA DEPARTMENT OF EDUCATION  
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 CALIFORNIA STATE PRESCHOOL PROGRAMS  
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Fiscal Year Ending

June 30, 2018

Contract Number

CSPP7253

Vendor Code

0000A686-00

Full Name of Contractor South Central Los Angeles Ministry Project, Inc.

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time	1,679	0	1,679	0.6193	1,039.8047
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED ATTENDANCE AND FISCAL REPORT FOR  
 CALIFORNIA STATE PRESCHOOL PROGRAMS  
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Fiscal Year Ending	June 30, 2018
Contract Number	CSPP7253
Vendor Code	0000A686-00

Full Name of Contractor South Central Los Angeles Ministry Project, Inc.

Section 2 - Non-Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				1.7700	0
Severely Disabled Full-time				1.5000	0
Severely Disabled Three-quarters-time				1.1250	0
Severely Disabled One-half-time				0.6193	0
<b>TOTAL NON-CERTIFIED DAYS OF ENROLLMENT</b>	1,679	0	1,679	N/A	1,039.8047

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED ATTENDANCE AND FISCAL REPORT FOR  
 CALIFORNIA STATE PRESCHOOL PROGRAMS  
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Fiscal Year Ending   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 3 - Revenue	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	37,881	4,739	42,620
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
<b>Restricted Income - Subtotal</b>	<b>37,881</b>	<b>4,739</b>	<b>42,620</b>
Transfer from Reserve General			
Transfer from Reserve Professional Development			
<b>Transfer from Reserve Total</b>			
Family Fees for Certified Children			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children	289,100	0	289,100
Unrestricted Income: Head Start			
Unrestricted Income - Other:			
<b>Total Revenue</b>	<b>326,981</b>	<b>4,739</b>	<b>331,720</b>

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED ATTENDANCE AND FISCAL REPORT FOR  
 CALIFORNIA STATE PRESCHOOL PROGRAMS  
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Fiscal Year Ending   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 4 - Reimbursable Expenses	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	121,171	0	121,171
2000 Classified Salaries	43,288	0	43,288
3000 Employee Benefits			
4000 Books and Supplies	5,279	0	5,279
5000 Services and Other Operating Expenses	72,796	0	72,796
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (Include in Administrative Cost)			
Non-Reimbursable (State Use Only)			
<b>Total Reimbursable Expenses</b>	<b>242,534</b>	<b>0</b>	<b>242,534</b>
Total Administrative Cost (included in section 4 above)	1,986	0	1,986

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 8.

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED ATTENDANCE AND FISCAL REPORT FOR  
 CALIFORNIA STATE PRESCHOOL PROGRAMS  
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Fiscal Year Ending June 30, 2018

Contract Number CSPP7253

Vendor Code 0000A686-00

Full Name of Contractor South Central Los Angeles Ministry Project, Inc.

Section 5 - Supplemental Revenue	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Enhancement Funding			
Other:			
Other:			
<b>Total Supplemental Revenue</b>			

Section 6 - Supplemental Expenses	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment/Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			
<b>Total Supplemental Expenses</b>			



CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND  
 FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS  
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Fiscal Year Ending   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 7 - Summary	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Days of Enrollment	6,073	0	6073
Days of Operation	175	0	175
Days of Attendance	6,073	0	6,073
Total Non-Certified Days of Enrollment	1,679	0	1,679
Restricted Program Income	37,881	4,739	42,620
Transfer from Reserve			
Family Fees for Certified Children			
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	242,534	0	242,534
Total Administrative Cost	1,986	0	1,986

Total Certified Adjusted  
Days of Enrollment   
  
 Total Non-Certified  
Adjusted  
Days of Enrollment

Independent Auditor's Assurances on Agency's Compliance with the Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Learning and Care Division (formerly Early Education and Support Division):

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

No

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

No

Include any comments in the Comments box on page 7. If necessary, attach additional sheets to explain adjustments.

## OTHER REQUIRED INFORMATION



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

HEADQUARTERS  
2150 Hampton Avenue  
St. Louis, Missouri 63139  
1.800.489.2150  
314.644.2150  
Fax: 314.644.7132  
[www.zielinskico.com](http://www.zielinskico.com)  
[mail@zielinskico.com](mailto:mail@zielinskico.com)

EUROPEAN LEGAL ADVISOR  
Dalla Vedova  
Studio Legale  
12, Via V. Bachelet  
00185 Roma, Italia  
011.3906.444.0821  
Fax: 011.3906.446.2165

**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, 2018, 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 November 8, 2018.

**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.

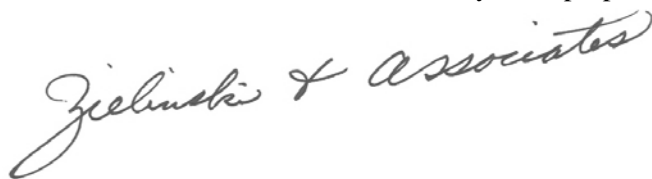
**Compliance and Other Matters**

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 November 8, 2018.

**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.



November 8, 2018



# ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

HEADQUARTERS  
2150 Hampton Avenue  
St. Louis, Missouri 63139  
1.800.489.2150  
314.644.2150  
Fax: 314.644.7132  
[www.zielinskico.com](http://www.zielinskico.com)  
[mail@zielinskico.com](mailto:mail@zielinskico.com)

EUROPEAN LEGAL ADVISOR  
Dalla Vedova  
Studio Legale  
12, Via V. Bachelet  
00185 Roma, Italia  
011.3906.444.0821  
Fax: 011.3906.446.2165

## **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, 2018. South Central LAMP had no major federal programs for the year ended June 30, 2018. 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, 2018.

### **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, 2018, and have issued our report thereon dated November 8, 2018, 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*

November 8, 2018

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

*For the Year Ended June 30, 2018*

<b>Section I—Summary of Auditor’s Results</b>	<b>Yes</b>	<b>No</b>
<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
<b>Section II—Financial Statement Findings</b>		
Current year financial statement findings: None		
<b>Section III—Findings and Questioned Costs for Federal and State Awards—Current Year</b>		
None.		



SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

*For the Year Ended June 30, 2018*

**Section IV—Status of Corrective Action on Prior Year Findings**

There were no prior year findings.



# ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**HEADQUARTERS**  
2150 Hampton Avenue  
St. Louis, Missouri 63139  
1.800.489.2150  
314.644.2150  
Fax: 314.644.7132  
[www.zielinskico.com](http://www.zielinskico.com)  
[mail@zielinskico.com](mailto:mail@zielinskico.com)

**EUROPEAN LEGAL ADVISOR**  
Dalla Vedova  
Studio Legale  
12, Via V. Bachelet  
00185 Roma, Italia  
011.3906.444.0821  
Fax: 011.3906.446.2165

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, 2018, 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.

November 8, 2018

## **MANAGEMENT LETTER**

The management letter has been issued under separate cover.