

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

FINANCIAL STATEMENTS AND  
OTHER FINANCIAL INFORMATION

*June 30, 2020 and 2019*



ZIELINSKI & ASSOCIATES, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

FINANCIAL STATEMENTS AND  
OTHER FINANCIAL INFORMATION

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SOUTH CENTRAL LOS ANGELES  
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# FINANCIAL STATEMENTS



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## 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, 2020 and 2019, 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**

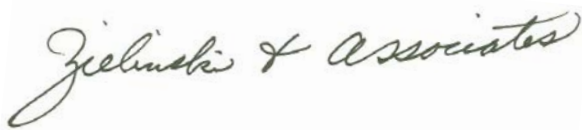
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Central Los Angeles Ministry Project, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with 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 17 through 31 and the other required information on pages 32 through 40 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 TBD, 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 4, 2020

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION

*June 30, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 449,557	\$ 227,207
Investments (Note C)	231,092	215,693
Accounts receivable	1,750	7,288
Furniture, fixtures, and equipment net of accumulated depreciation (Note D)	<u>158,821</u>	<u>116,373</u>
<b>TOTAL ASSETS</b>	<u>\$ 841,220</u>	<u>\$ 566,561</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 5,670	\$ 3,165
Payroll liabilities payable	323	-
Payroll Protection Program loan (Note L)	163,500	-
Accrued liabilities (Note E)	45,388	38,626
Deferred revenue	<u>-</u>	<u>58,500</u>
<b>TOTAL LIABILITIES</b>	<u>214,881</u>	<u>100,291</u>
Net assets		
Without donor restrictions	576,339	416,270
With donor restrictions (Note F)	<u>50,000</u>	<u>50,000</u>
<b>TOTAL NET ASSETS</b>	<u>626,339</u>	<u>466,270</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 841,220</u>	<u>\$ 566,561</u>



SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

STATEMENTS OF ACTIVITIES

*For the years ended June 30, 2020 and 2019*

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>						
Grant revenue	\$ 508,531	-	\$ 508,531	\$ 413,375	-	\$ 413,375
Contributions and appeals	337,444	-	337,444	384,791	-	384,791
California State Grants	438,180	-	438,180	374,824	-	374,824
In-kind revenue	46,600	-	46,600	45,641	-	45,641
Investment income	6,651	-	6,651	7,431	-	7,431
Other	2,941	-	2,941	1,665	-	1,665
	1,340,347	-	1,340,347	1,227,727	-	1,227,727
<b>TOTAL REVENUES</b>						
<b>Expenses</b>						
Program services	845,692	-	845,692	895,312	-	895,312
Management and general	214,123	-	214,123	196,999	-	196,999
Fundraising	129,304	-	129,304	117,670	-	117,670
	1,189,119	-	1,189,119	1,209,981	-	1,209,981
<b>TOTAL EXPENSES</b>						
<b>CHANGES IN NET ASSETS BEFORE OTHER CHANGES</b>	151,228	-	151,228	17,746	-	17,746
<b>Other Changes</b>						
Gain on investments, net	8,841	-	8,841	524	-	524
	160,069	-	160,069	18,270	-	18,270
<b>CHANGES IN NET ASSETS</b>						
<b>Net Assets, Beginning of Year</b>	416,270	\$ 50,000	466,270	398,000	\$ 50,000	448,000
<b>NET ASSETS, END OF YEAR</b>	\$ 576,339	\$ 50,000	\$ 626,339	\$ 416,270	\$ 50,000	\$ 466,270

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

*For the year ended June 30, 2020*

	<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	\$ 424,092	\$ 34,807	\$ 49,617	\$ 17,089	\$ 525,605	\$ 117,432	\$ 68,217	\$ 185,649	\$ 711,254
In-kind salaries	12,256	4,841	22,000	-	39,097	3,134	4,369	7,503	46,600
Benefits and taxes	48,636	3,896	4,878	714	58,124	39,930	5,596	45,526	103,650
<b>TOTAL PERSONNEL EXPENSES</b>	484,984	43,544	76,495	17,803	622,826	160,496	78,182	238,678	861,504
Professional services	4,274	611	183	-	5,068	5,456	26,522	31,978	37,046
Rent	65,397	9,342	19,159	-	93,898	14,452	4,633	19,085	112,983
Miscellaneous	7,350	2,548	284	-	10,182	2,298	367	2,665	12,847
Supplies and activities	20,268	296	5,142	-	25,706	5,402	-	5,402	31,108
Food	39,323	12	4	-	39,339	373	2	375	39,714
Professional development	2,109	117	-	-	2,226	7,440	809	8,249	10,475
Accounting and legal	6,242	892	268	-	7,402	1,363	176	1,539	8,941
Travel	214	451	-	-	665	2,475	420	2,895	3,560
Maintenance and repairs	5,990	703	171	-	6,864	2,507	114	2,621	9,485
Utilities	9,043	1,292	1,606	-	11,941	1,938	557	2,495	14,436
Telephone	11,255	1,608	482	-	13,345	2,412	322	2,734	16,079
Printing	90	13	4	-	107	3,333	9,356	12,689	12,796
Depreciation	-	-	-	-	-	3,397	-	3,397	3,397
Postage	48	-	-	-	48	682	-	682	730
Equipment	4,252	1,402	421	-	6,075	99	7,844	7,943	14,018
<b>TOTAL 2020 FUNCTIONAL EXPENSES</b>	<u>\$ 660,839</u>	<u>\$ 62,831</u>	<u>\$ 104,219</u>	<u>\$ 17,803</u>	<u>\$ 845,692</u>	<u>\$ 214,123</u>	<u>\$ 129,304</u>	<u>\$ 343,427</u>	<u>\$ 1,189,119</u>

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

*For the year ended June 30, 2019*

	<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	\$ 427,630	\$ 36,998	\$ 46,725	\$ 21,552	\$ 532,905	\$ 95,231	\$ 63,740	\$ 158,971	\$ 691,876
In-kind salaries	17,113	1,441	22,000	-	40,554	3,347	1,740	5,087	45,641
Benefits and taxes	51,301	4,388	4,649	1,171	61,509	36,233	5,894	42,127	103,636
<b>TOTAL PERSONNEL EXPENSES</b>	496,044	42,827	73,374	22,723	634,968	134,811	71,374	206,185	841,153
Professional services	5,876	839	252	-	6,967	13,545	24,368	37,913	44,880
Rent	61,529	8,790	17,276	-	87,595	13,185	4,350	17,535	105,130
Miscellaneous	1,031	3,986	-	-	5,017	1,199	-	1,199	6,216
Supplies and activities	32,321	2,819	2,785	10,715	48,640	9,196	11,692	20,888	69,528
Food	59,008	30	12	-	59,050	47	8	55	59,105
Professional development	1,719	81	-	-	1,800	3,678	393	4,071	5,871
Accounting and legal	8,770	1,253	375	-	10,398	1,904	250	2,154	12,552
Travel	105	-	-	-	105	2,580	48	2,628	2,733
Maintenance and repairs	12,268	1,510	583	-	14,361	3,698	301	3,999	18,360
Utilities	9,232	1,319	1,499	-	12,050	1,978	584	2,562	14,612
Telephone	3,888	555	122	-	4,565	3,714	158	3,872	8,437
Printing	-	-	-	-	-	444	3,742	4,186	4,186
Depreciation	-	-	-	-	-	4,486	-	4,486	4,486
Postage	-	-	-	-	-	648	192	840	840
Equipment	9,796	-	-	-	9,796	1,886	210	2,096	11,892
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<u>\$ 701,587</u>	<u>\$ 64,009</u>	<u>\$ 96,278</u>	<u>\$ 33,438</u>	<u>\$ 895,312</u>	<u>\$ 196,999</u>	<u>\$ 117,670</u>	<u>\$ 314,669</u>	<u>\$ 1,209,981</u>

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

STATEMENTS OF CASH FLOWS

*For the years ended June 30, 2020 and 2019*

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 160,069	\$ 18,270
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	3,397	4,486
Gain on investment	(8,841)	(524)
(Increase) decrease in:		
Accounts receivable	5,538	4,528
Prepaid expenses	-	4,883
Increase (decrease) in:		
Accounts payable	2,505	1,263
Payroll liabilities payable	323	-
Accrued liabilities	6,762	8,408
Deferred revenue	(58,500)	4,000
	<b>111,253</b>	<b>45,314</b>
<b>Cash Flows from Investing Activities</b>		
Net increase in furniture, fixtures, and equipment	(45,845)	-
Net increase in investments	(6,558)	(62,885)
	<b>(52,403)</b>	<b>(62,885)</b>
<b>Cash Flows from Financing Activities</b>		
Payroll Protection Program loan	163,500	-
	<b>163,500</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>222,350</b>	<b>(17,571)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>227,207</b>	<b>244,778</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 449,557</b>	<b>\$ 227,207</b>

See notes to financial statements.

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

*June 30, 2020 and 2019*

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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 by representatives from eight congregations of religious women in response to the civil unrest of 1992. 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, positively impact the lives of more than 300 children and adults each year.

**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:

*Net assets without donor restrictions*—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.

*Net assets with donor restrictions*—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, 2020 and 2019*

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

**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 \$2,000 and the useful life is greater than one year.

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2020 and 2019*

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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.

**In-kind Donations**

In-kind donations include supplies, food, and equipment, as well as printing and event-related services for fundraising events. 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 \$46,600 and \$45,641 of in-kind donations during the years ended June 30, 2020 and 2019, 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, 2020, 2019, and 2018, 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, 2020 and 2019*

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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, 2020 and 2019*

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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 2020</b>	<b>Fair Value 2019</b>
Cash and cash equivalents	\$ 8,437	\$ 4,360
Mutual funds	98,304	99,724
Common stock	<u>124,351</u>	<u>111,609</u>
<b>TOTAL LEVEL ONE</b>	<b><u>\$ 231,092</u></b>	<b><u>\$ 215,693</u></b>

Investment income for the years ended June 30, 2020 and 2019 was as follows:

	<b>2020</b>	<b>2019</b>
Investment income	\$ 6,651	\$ 7,431
Gains on investments	11,322	2,935
Investment fees	<u>(2,481)</u>	<u>(2,411)</u>
	<b><u>\$ 15,492</u></b>	<b><u>\$ 7,955</u></b>

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

Furniture, fixtures, and equipment consisted of the following:

	<b>2020</b>	<b>2019</b>
Furniture, fixtures, and equipment	\$ 92,111	\$ 46,266
Leasehold improvements	110,513	110,513
Less: accumulated depreciation	<u>(43,803)</u>	<u>(40,406)</u>
Furniture, fixtures, and equipment, net	<b><u>\$ 158,821</u></b>	<b><u>\$ 116,373</u></b>
Depreciation expense	<u>\$ 3,397</u>	<u>\$ 4,486</u>

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2020 and 2019*

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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:

	<u>2020</u>	<u>2019</u>
Accrued payroll and taxes	\$ 23,270	\$ 23,681
Accrued vacation	<u>22,118</u>	<u>14,945</u>
<b>TOTAL ACCRUED LIABILITIES</b>	<u>\$ 45,388</u>	<u>\$ 38,626</u>

**NOTE F—NET ASSETS WITH DONOR RESTRICTIONS**

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, 2020 and 2019, no funds were due to the Endowment Fund.

**NOTE G—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, 2020 and 2019*

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**NOTE H—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 2020. The new required monthly payment is \$7,776. Subsequent to the year end, the lease was renewed for one year.

The future minimum lease payment due under this lease at June 30 is as follows:

<b>Fiscal Year Ended June 30</b>	
2021	\$ <u>15,552</u>

Rent expense on the above leases totaled \$92,160 and \$86,400 for the years ended June 30, 2020 and 2019, respectively.

**NOTE I—GOVERNMENT GRANTS**

The Organization received public funds during the years ended June 30, 2020 and 2019, from the California Department of Education. Funding was received for the California State Preschool Program and the Child and Adult Care Food Program totaling \$438,180 and \$380,042, respectively.

**NOTE J—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.

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2020 and 2019*

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**NOTE K—AVAILABILITY OF RESOURCES**

The Organization's financial assets available within one year of the Statements of Functional Expenses date for general expenditures are as follows:

Cash and cash equivalents	\$ 449,557
Accounts receivable	1,750
Investments	<u>231,092</u>

<b>Total Financial Assets Available Within One Year</b>	<b><u>\$ 682,399</u></b>
---	--------------------------

Less: Liabilities payable within one year and net assets with donor restrictions:

Accounts payable	\$ 5,670
Payroll liabilities payable	323
Accrued liabilities	45,388
Net assets with donor restrictions	<u>50,000</u>
	<u>\$ 101,381</u>

<b>Total Financial Assets Available to Management for General Expenditure Within One Year</b>	<b><u>\$ 581,018</u></b>
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**NOTE L—PAYCHECK PROTECTION PROGRAM (PPP)**

Because of the COVID-19 pandemic, the Organization applied for and received a Paycheck Protection Program (PPP) loan from the U.S. Federal Government Coronavirus Aid Relief and Economic Security (CARES) Act on April 25, 2020 to help pay salaries of its employees. The loan totaled \$163,500 and is expected to be forgiven as its conditions for forgiveness were met. The funds received were included in the Statements of Financial Position under Liabilities. The funds expended are included in the Statements of Functional Expenses under Salaries.

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2020 and 2019*

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**NOTE M—COVID-19 PANDEMIC**

The COVID-19 pandemic in the United States has caused business disruption through mandated and voluntary closing of businesses and nonprofit organizations and has drastically affected the financial markets. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and the continued effect on the markets. Therefore, the Organization recognizes that this matter may negatively impact its future operations, contributions, and investment income. The related financial impact and duration cannot be reasonably estimated at this time.

**NOTE N—SUBSEQUENT EVENTS**

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

South Central LAMP renews its rental agreement to rent building space on a year-to-year basis. The most recent one-year lease expired in August 2020. Subsequent to June 30, 2020, the lease was renewed for an additional year at \$7,776, monthly.

## SUPPLEMENTARY INFORMATION

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS

*For the Year Ended June 30, 2020*

Grantor	Federal CFDA Number	Grantor's Number	Award Amount			Expenditures	
			Federal	State	Total	Federal	State
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		\$ 43,511	-	\$ 43,511	\$ 43,511	-
			43,511	-	43,511	43,511	-
California State Preschool Program		CSPP8255	-	\$ 394,669	394,669	-	\$ 394,669
<b>TOTAL FEDERAL AND STATE</b>			<u>\$ 43,511</u>	<u>\$ 394,669</u>	<u>\$ 438,180</u>	<u>\$ 43,511</u>	<u>\$ 394,669</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, 2020*

	<b>CSPP 8255</b>	<b>Total CDE CD Contracts</b>	<b>Non-CDE Programs</b>	<b>Total</b>
<b>Revenues</b>				
Grant revenue	-	-	\$ 508,531	\$ 508,531
Contributions and appeals	-	-	117,194	117,194
Fees for noncertified children	\$ 220,250	\$ 220,250	-	220,250
Government Contracts:				
Childcare and development programs	394,669	394,669	-	394,669
Childcare food program	43,511	43,511	-	43,511
In-kind revenue	-	-	46,600	46,600
Investment income	-	-	17,973	17,973
Other	-	-	2,941	2,941
	<b>658,430</b>	<b>658,430</b>	<b>693,239</b>	<b>1,351,669</b>
<b>Expenses</b>				
Program services	526,456	526,456	319,236	845,692
Management and general	-	-	214,123	214,123
Fundraising	-	-	129,304	129,304
	<b>526,456</b>	<b>526,456</b>	<b>662,663</b>	<b>1,189,119</b>



SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

*For the Year Ended June 30, 2020*

	<u>CSPP 8255</u>	<u>Total CDE CD Contracts</u>
<b>Expenditures</b>		
Direct payments to providers	\$ 152,573	\$ 152,573
1000 Certificated salaries	129,370	129,370
2000 Classified salaries	68,317	68,317
3000 Employee benefits	13,088	13,088
4000 Books and supplies	163,108	163,108
5000 Services and other operating expenses	-	-
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>	<u>526,456</u>	<u>526,456</u>
Total supplemental expenses	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 526,456</u>	<u>\$ 526,456</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

*For the Year Ended June 30, 2020*

	<u>CSPP</u> <u>8255</u>	<u>Total CDE</u>
<b>Reimbursable Administrative Costs</b>		
Salaries	\$ 798	\$ 798
Employee benefits	-	-
Books and supplies	-	-
Services and other operating expenses	-	-
Depreciation on non-CDE-funded assets used in program	-	-
Indirect costs	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<u>\$ 798</u>	<u>\$ 798</u>

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

SCHEDULE OF REIMBURSABLE EXPENDITURES FOR RENOVATIONS AND REPAIRS

*For the Year Ended June 30, 2020*

	<b>CSPP 8255</b>	<b>Total CDE</b>
<b><u>Unit Cost Under \$10,000 Per Item</u></b>		
None	\$ _____ -	\$ _____ -
Subtotal	\$ _____ -	\$ _____ -
<b><u>Unit Cost \$10,000 or More Per Item With Prior Written Approval</u></b>		
None	\$ _____ -	\$ _____ -
Subtotal	\$ _____ -	\$ _____ -
<b><u>Unit Cost \$10,000 or More Per Item Without Prior Approval</u></b>		
None	\$ _____ -	\$ _____ -
Subtotal	\$ _____ -	\$ _____ -
<b>Total</b>	\$ _____ -	\$ _____ -

Note: South Central Los Angeles Ministry Project, Inc.'s capitalization threshold is \$2,000 or more.

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

SCHEDULE OF REIMBURSABLE EQUIPMENT EXPENDITURES

*For the Year Ended June 30, 2020*

	<b>CSPP 8255</b>	<b>Total CDE</b>
<b><u>Unit Cost Under \$7,500 Per Purchase</u></b>		
None	\$ _____	- \$ _____
Subtotal	\$ _____	- \$ _____
<b><u>Unit Cost \$7,500 or More Per Purchase With Prior Written Approval</u></b>		
None	\$ _____	- \$ _____
Subtotal	\$ _____	- \$ _____
<b><u>Unit Cost \$7,500 or More Per Purchase Without Prior Approval</u></b>		
None	\$ _____	- \$ _____
Subtotal	\$ _____	- \$ _____
<b>Total</b>	\$ _____	- \$ _____

Note: South Central Los Angeles Ministry Project, Inc.'s capitalization threshold is \$2,000 or more.

## OTHER REQUIRED INFORMATION



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**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, 2020, 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 13, 2020.

**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.

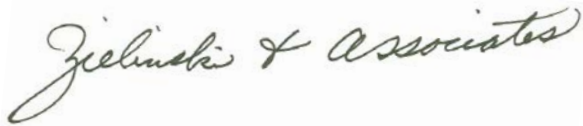
**Compliance and Other Matters**

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 13, 2020.

**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 4, 2020



# ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## **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, 2020. South Central LAMP had no major federal programs for the year ended June 30, 2020. 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, 2020.

### **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.

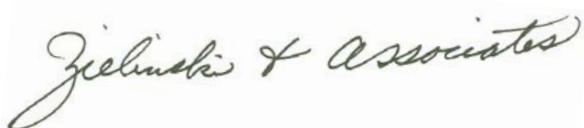
A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, 2019, and have issued our report thereon dated TBD, 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.



November 4, 2020

SOUTH CENTRAL LOS ANGELES  
MINISTRY PROJECT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

*For the Year Ended June 30, 2020*

<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, 2019*

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

There were no prior year findings.



# ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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, 2020, 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 4, 2020

## **MANAGEMENT LETTER**

The management letter has been issued under separate cover.