

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION

June 30, 2023 and 2022



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

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OTHER FINANCIAL INFORMATION

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SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION

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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, 2023 and 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

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.

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 December 14, 2023 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.

A handwritten signature in cursive script that reads "Zielinski & Associates". The signature is written in dark ink on a light-colored background.

December 14, 2023

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 2,235,071	\$ 860,171
Investments (Note C)	373,720	351,406
Accounts receivable	164,045	77,334
Prepaid expenses and other assets	4,786	2,988
Furniture, fixtures, and equipment net of accumulated depreciation (Note D)	204,233	125,658
TOTAL ASSETS	\$ 2,981,855	\$ 1,417,557
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 39,081	\$ 22,415
Payroll liabilities payable	260	755
Accrued liabilities (Note E)	71,605	66,962
Deferred revenue	233,333	35,000
TOTAL LIABILITIES	344,279	125,132
Net assets		
Without donor restrictions:		
Undesignated	1,221,555	992,425
Board designated (Note F)	1,150,000	-
Total Net Assets Without Donor Restrictions	2,371,555	992,425
With donor restrictions (Note G)	266,021	300,000
TOTAL NET ASSETS	2,637,576	1,292,425
TOTAL LIABILITIES AND NET ASSETS	\$ 2,981,855	\$ 1,417,557

See notes to financial statements.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Grant revenue	\$ 582,865	\$ 14,721	\$ 597,586	\$ 472,676	\$ 100,000	\$ 572,676
Contributions and appeals	355,347	101,300	456,647	240,615	150,000	390,615
Federal and State Government Grants (Note J)	553,374	-	553,374	445,234	-	445,234
In-kind revenue	76,506	-	76,506	52,510	-	52,510
Investment income	19,318	-	19,318	7,706	-	7,706
Other	40,214	-	40,214	9,293	-	9,293
Net assets released from restrictions	<u>150,000</u>	<u>(150,000)</u>	<u>-0-</u>	<u>-</u>	<u>-</u>	<u>-0-</u>
TOTAL REVENUES	<u>1,777,624</u>	<u>(33,979)</u>	<u>1,743,645</u>	<u>1,228,034</u>	<u>250,000</u>	<u>1,478,034</u>
Expenses						
Program services	1,170,778	-	1,170,778	867,472	-	867,472
Management and general	266,600	-	266,600	256,097	-	256,097
Fundraising	<u>124,627</u>	<u>-</u>	<u>124,627</u>	<u>116,874</u>	<u>-</u>	<u>116,874</u>
TOTAL EXPENSES	<u>1,562,005</u>	<u>-</u>	<u>1,562,005</u>	<u>1,240,443</u>	<u>-</u>	<u>1,240,443</u>
CHANGES IN NET ASSETS BEFORE OTHER CHANGES	<u>215,619</u>	<u>(33,979)</u>	<u>181,640</u>	<u>(12,409)</u>	<u>250,000</u>	<u>237,591</u>
Other Changes						
Gain on investments, net	13,511	-	13,511	12,888	-	12,888
Board designated—reserve	150,000	-	150,000	-	-	-0-
Board designated—future physical plant	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-0-</u>
TOTAL OTHER CHANGES	<u>1,163,511</u>	<u>-</u>	<u>1,163,511</u>	<u>12,888</u>	<u>-</u>	<u>12,888</u>
CHANGES IN NET ASSETS	1,379,130	(33,979)	1,345,151	479	250,000	250,479
Net Assets, Beginning of Year	<u>992,425</u>	<u>300,000</u>	<u>1,292,425</u>	<u>991,946</u>	<u>50,000</u>	<u>1,041,946</u>
NET ASSETS, END OF YEAR	<u>\$ 2,371,555</u>	<u>\$ 266,021</u>	<u>\$ 2,637,576</u>	<u>\$ 992,425</u>	<u>\$ 300,000</u>	<u>\$ 1,292,425</u>

See notes to financial statements.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

	Program Services						Supporting Services			Total	
	Early Childhood Education	After School Program	Food Program/ COVID 19	Parenting Program/ Kinship	English Second Language Program	Summer Camp Program	Total Program Services	Management and General	Fundraising		Total Supporting Services
Personnel Expenses											
Salaries and wages	\$ 413,261	\$ 22,180	-	\$ 111,027	\$ 47,874	\$ 16,389	\$ 610,731	\$ 79,284	\$ 73,016	\$ 152,300	\$ 763,031
In-kind salaries	-	-	-	-	45,000	-	45,000	-	-	-	45,000
Benefits and taxes	64,573	3,399	-	14,284	5,196	2,462	89,914	16,289	7,119	23,408	113,322
TOTAL PERSONNEL EXPENSES	477,834	25,579	-	125,311	98,070	18,851	745,645	95,573	80,135	175,708	921,353
Professional services	34,957	-	-	10,710	1,713	-	47,380	29,458	31,442	60,900	108,280
Rent	71,425	-	-	10,204	28,618	-	110,247	14,620	2,041	16,661	126,908
Miscellaneous	6,994	599	-	941	-	-	8,534	37,921	1,626	39,547	48,081
Supplies and activities	39,065	8,287	\$ 949	6,121	2,566	-	56,988	(11,194)	2,505	(8,689)	48,299
Food	63,167	2,848	908	3,684	466	4,950	76,023	(1,623)	207	(1,416)	74,607
Professional development	1,118	1,364	-	157	47	-	2,686	1,665	31	1,696	4,382
Accounting and legal	37,578	-	-	7,226	6,718	-	51,522	42,730	173	42,903	94,425
Travel	77	-	-	24	-	-	101	365	452	817	918
Maintenance and repairs	25,572	-	-	2,120	681	-	28,373	24,456	465	24,921	53,294
Utilities	1,990	-	-	95	1,309	-	3,394	15,393	19	15,412	18,806
Telephone	6,025	-	-	865	258	-	7,148	2,926	173	3,099	10,247
Printing	-	-	-	-	-	-	-	-	2,963	2,963	2,963
Depreciation	16,582	-	-	-	-	-	16,582	-	-	-	16,582
Postage	90	-	62	212	-	-	364	1,136	-	1,136	1,500
Equipment	15,791	-	-	-	-	-	15,791	13,174	2,395	15,569	31,360
TOTAL 2023 FUNCTIONAL EXPENSES	<u>\$ 798,265</u>	<u>\$ 38,677</u>	<u>\$ 1,919</u>	<u>\$ 167,670</u>	<u>\$ 140,446</u>	<u>\$ 23,801</u>	<u>\$ 1,170,778</u>	<u>\$ 266,600</u>	<u>\$ 124,627</u>	<u>\$ 391,227</u>	<u>\$ 1,562,005</u>

See notes to financial statements.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

	Program Services					Supporting Services			Total	
	Early Childhood Education	Food Program/ COVID-19	Parenting Program	English Second Language Program	Summer Camp Program	Total Program Services	Management and General	Fundraising		Total Supporting Services
Personnel Expenses										
Salaries and wages	\$ 310,426	\$ 2,425	\$ 72,712	\$ 59,577	-	\$ 445,140	\$ 137,648	\$ 66,279	\$ 203,927	\$ 649,067
In-kind salaries	-	-	-	45,000	-	45,000	-	-	-	45,000
Benefits and taxes	55,613	-	9,272	6,059	-	70,944	20,821	8,403	29,224	100,168
TOTAL PERSONNEL EXPENSES	366,039	2,425	81,984	110,636	-	561,084	158,469	74,682	233,151	794,235
Professional services	26,641	438	1,685	565	-	29,329	2,687	25,277	27,964	57,293
Rent	70,108	-	10,015	12,807	-	92,930	17,003	2,004	19,007	111,937
Miscellaneous	6,853	66	756	2,101	-	9,776	23,091	2,115	25,206	34,982
Supplies and activities	36,384	2,152	697	1,090	-	40,323	5,897	2,766	8,663	48,986
Food	43,867	7,500	1,885	-	536	53,788	2,456	143	2,599	56,387
Professional development	145	-	-	61	-	206	1,631	-	1,631	1,837
Accounting and legal	24,722	-	2,877	863	-	28,462	9,964	8,076	18,040	46,502
Travel	-	-	-	-	3,390	3,390	914	-	914	4,304
Maintenance and repairs	16,402	43	2,192	781	-	19,418	6,474	445	6,919	26,337
Utilities	7,552	-	802	1,828	-	10,182	4,930	348	5,278	15,460
Telephone	5,550	-	791	253	-	6,594	1,186	159	1,345	7,939
Printing	-	-	-	-	-	-	(7)	704	697	697
Depreciation	-	-	-	-	-	-	16,581	-	16,581	16,581
Postage	109	-	-	-	-	109	1,222	28	1,250	1,359
Equipment	8,059	-	2,132	1,690	-	11,881	3,599	127	3,726	15,607
TOTAL 2022 FUNCTIONAL EXPENSES	<u>\$ 612,431</u>	<u>\$ 12,624</u>	<u>\$ 105,816</u>	<u>\$ 132,675</u>	<u>\$ 3,926</u>	<u>\$ 867,472</u>	<u>\$ 256,097</u>	<u>\$ 116,874</u>	<u>\$ 372,971</u>	<u>\$ 1,240,443</u>

See notes to financial statements.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Changes in net assets	\$ 1,345,151	\$ 250,479
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	16,582	16,581
Gain on investment	13,511	12,888
(Increase) decrease in:		
Accounts receivable	(86,711)	(70,584)
Prepaid expenses	(1,798)	4,988
Increase (decrease) in:		
Accounts payable	16,666	1,417
Payroll liabilities payable	(495)	(1,750)
Accrued liabilities	4,643	(5,749)
Deferred revenue	198,333	(188,114)
	<u>1,505,882</u>	<u>20,156</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,505,882</u>	<u>20,156</u>
Cash Flows from Investing Activities		
Furniture, fixtures, and equipment, net	(95,157)	-
Investments, net	(35,825)	(21,778)
	<u>(130,982)</u>	<u>(21,778)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(130,982)</u>	<u>(21,778)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,374,900	(1,622)
Cash and Cash Equivalents, Beginning of Year	<u>860,171</u>	<u>861,793</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,235,071</u>	<u>\$ 860,171</u>

See notes to financial statements.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A—THE ORGANIZATION

South Central LAMP's mission is to provide programs that empower women and their families to reach their full potential in a supportive, nurturing environment through education, building self-esteem, and strengthening community relationships.

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, 2023 and 2022

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.

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.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2023 and 2022

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

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 \$76,506 and \$52,510 of in-kind donations during the years ended June 30, 2023 and 2022, 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 ended June 30, 2023, 2022, and 2021, are subject to examination by the IRS, generally for three years after they are filed.

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.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2023 and 2022

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.

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

	Fair Value 2023	Fair Value 2022
Cash and cash equivalents	\$ 5,101	\$ 5,223
Mutual funds	191,950	191,821
Common stock	176,669	154,362
TOTAL LEVEL ONE	\$ 373,720	\$ 351,406

Investment income for the years ended June 30, 2023 and 2022 was as follows:

	2023	2022
Investment income	\$ 19,318	\$ 7,706
Gains on investments	17,001	16,440
Investment fees	(3,490)	(3,552)
	\$ 32,829	\$ 20,594

The net deposits into investments were \$-0- and \$55,491 at June 30, 2023 and 2022, respectively.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2023 and 2022

NOTE D—FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, fixtures, and equipment consisted of the following:

	2023	2022
Furniture, fixtures, and equipment	\$ 153,638	\$ 92,111
Leasehold improvements	144,143	110,513
Less: accumulated depreciation	(93,548)	(76,966)
TOTAL FURNITURE, FIXTURES, AND EQUIPMENT, NET	\$ 204,233	\$ 125,658
Depreciation expense	\$ 16,582	\$ 16,581

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:

	2023	2022
Accrued payroll and taxes	\$ 15,273	\$ 29,131
Accrued vacation	56,332	37,831
TOTAL ACCRUED LIABILITIES	\$ 71,605	\$ 66,962

NOTE F—NET ASSETS DESIGNATED

South Central Los Angeles Ministry Project, Inc. has designated portions of their net assets to be used for the following purposes:

	2023	2022
Board designated—reserve	\$ 150,000	-
Board designated—future physical plant	1,000,000	-
	\$ 1,150,000	\$ -0-

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2023 and 2022

NOTE G—NET ASSETS WITH DONOR RESTRICTIONS

With consent of the donor, at times South Central LAMP can apply restricted funds to fund operating costs. The funding plan requires approval by the Board of Directors. Net assets with donor restrictions were available for the following purposes:

	2023	2022
Women’s Enrichment Program	\$ 150,000	\$ 150,000
After school program	116,021	-
Summer Learning/Build the STEAM	-	100,000
Operations	-	50,000
	\$ 266,021	\$ 300,000

NOTE H—CONTINGENCIES

South Central LAMP’s grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies.

Such audits could generate expenditure disallowances or refunds payable under terms of the agency contracts. In January 2023, South Central LAMP received a letter from the CA Department of Education stating South Central LAMP had been overpaid by \$33,561 for the fiscal year 2020–2021. The letter instructed South Central LAMP not to make a payment until formerly invoiced because an invoice number must accompany all payments. South Central LAMP has not appealed the overstatement and will pay it upon receipt of an invoice.

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. Subsequent to the year end, the lease was renewed for one year. The one-year lease expires in August 2024. The required monthly payment is \$9,069 effective July 1, 2023.

Rent expense on the above leases totaled \$100,776 and \$100,255 for the years ended June 30, 2023 and 2022, respectively.

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2023 and 2022

NOTE J—FEDERAL AND STATE GOVERNMENT GRANTS

The Organization received public funds during the years ended June 30, 2023 and 2022. Funds were received from the California Department of Education for the California State Preschool Program and the U.S. Department of Social Services for the Child and Adult Care Food Program passed through the California Department of Social Services. Total funding received was \$550,590 and \$528,970 for the years ended June 30, 2023 and 2022, respectively.

In accordance with applicable requirements from the Funding Terms & Conditions:

1. Interest expense is only allowed as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease, purchase, acquisition, or repair or renovation of early learning and cash facilities owned or leased by the contractor. No interest expense was claimed for the year ended June 30, 2023.
2. All expense claimed for reimbursement under a related rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. There were no related party rent expenses claimed for the year ended June 30, 2023.
3. Bad debt expense is unallowable unless it relates to uncollectible family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed for the year ended June 30, 2023.

NOTE K—NUTRITION PROGRAMS

South Central LAMP had a nutrition agreement with the CDSS for Child and Adult Care Food Programs, as reported in the Schedule of Expenditures of Federal and State Awards. However, no nutrition audit report schedules are included in the audit because: (1) the audit disclosed no nutrition overpayments, underpayments, or program findings; (2) the contractor did not request reimbursement of audit costs; and (3) the audit is not a program specific nutrition audit.

NOTE L—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, 2023 and 2022

NOTE M—LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash and cash equivalents	\$ 2,235,071
Accounts receivable	164,045
Investments	<u>373,720</u>
Total Financial Assets Available Within One Year	2,772,836

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

Accounts payable	39,081
Payroll liabilities payable	260
Accrued liabilities	71,605
Net assets with donor restrictions	<u>266,021</u>
	<u>376,967</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 2,395,869</u>

NOTE N—SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 14, 2023, the date the financial statements were available to be issued. In August 2023, LAMP received a transformational pledge from a donor in the amount of \$900,000 to be received in three equal installments with the first payment to be paid on or before June 30, 2024, and the last payment paid on or before June 30, 2026.

SUPPLEMENTARY INFORMATION

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2023

<u>Grantor</u>	<u>Pass Through Organization</u>	<u>Assistance Listing</u>	<u>Grantor's Numbers</u>	<u>Federal Awards</u>	<u>State Awards</u>	<u>Total Awards</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
U.S. Department of Agriculture: Child and Adult Care Food Program: CNIPS ID# 06169—CACFP—19—NP—IC	CA Department of Social Services	10.558	CNIPS ID #06169 CACFP 19 NP IC	42,878		42,878	42,878	
State Award: California State Preschool Program	CA Department of Education	N/A	CSPP 2253		<u>507,712</u>	<u>507,712</u>		<u>507,712</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS				<u>42,878</u>	<u>507,712</u>	<u>550,590</u>	<u>42,878</u>	<u>507,712</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, 2023

	CSPP 2253	Total CA CD Contracts	Non-CA State CD Programs	Total
Revenues				
Grant revenue	-	-	\$ 597,586	\$ 597,586
Contributions and appeals	-	-	456,647	456,647
Government Contracts:				
Childcare and development programs	\$ 507,712	\$ 507,712	-	507,712
Childcare food program	-	42,878	-	42,878
In-kind revenue	-	-	76,506	76,506
Investment income	-	-	36,319	36,319
Other	-	-	40,214	40,214
TOTAL REVENUES	507,712	550,590	1,207,272	1,757,862
Expenses				
Program services	479,757	522,635	648,143	1,170,778
Management and general	27,955	27,955	238,645	266,600
Fundraising	-	-	124,627	124,627
TOTAL EXPENSES	507,712	550,590	1,011,415	1,562,005

*Paid for by non-governmental donations

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

RECONCILIATION OF STATEMENT OF ACTIVITIES TO
COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended June 30, 2023

Statement of Activities Total Revenues	\$ 1,743,645
Other income:	
Gain on investments, net of fees	13,511
Investment fees	<u>3,490</u>
Gain on investment gross	17,001
CACFP expenses less funds received	(4,166)
Award funds not received CSPP	<u>1,382</u>
Combining Schedule of Activities Total Revenues	<u>\$ 1,757,862</u>

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

For the Year Ended June 30, 2023

	CSPP 2253	CDSS 10.558	Total CA State CD Contracts
Expenditures			
Direct payments to providers			
1000 Certificated salaries	\$ 170,136	-	\$ 170,136
2000 Classified salaries	139,284	-	139,284
3000 Employee benefits	48,808	-	48,808
4000 Books and supplies	18,941	\$ 42,878	61,819
5000 Services and other operating expenses	130,543	-	130,543
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)	-	-	-
	-	-	-
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT (b)	507,712	42,878	550,590
Total supplemental expenses	-	-	-
TOTAL EXPENDITURES	\$ 507,712	\$ 42,878	\$ 550,590

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, 2023

	<u>CSPP 2253</u>	<u>CDSS 10.558</u>	<u>Total CA State CD Contracts</u>
Reimbursable Administrative Costs			
Salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	-	-	-
Services and other operating expenses	\$ 27,955	-	\$ 27,955
Depreciation on non-CDE-funded assets used in program	-	-	-
Indirect costs	-	-	-
TOTAL	<u>\$ 27,955</u>	<u>\$ -0-</u>	<u>\$ 27,955</u>

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

SCHEDULE OF REIMBURSABLE EXPENDITURES FOR RENOVATIONS AND REPAIRS

For the Year Ended June 30, 2023

	CSPP 2253	CDSS 10.558	Total CA State CD Contracts
<u>Unit Cost Under \$10,000 Per Item</u>			
None	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
<u>Unit Cost \$10,000 or More Per Item With Prior Written Approval</u>			
None	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
<u>Unit Cost \$10,000 or More Per Item Without Prior Approval</u>			
None	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
Total	\$ -0-	\$ -0-	\$ -0-

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, 2023

	<u>CSPP</u> <u>2253</u>	<u>CDSS</u> <u>10.558</u>	<u>Total CA State</u> <u>CD Contracts</u>
<u>Unit Cost Under \$7,500 Per Purchase</u>			
None	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
<u>Unit Cost \$7,500 or More Per Purchase</u>			
<u>With Prior Written Approval</u>			
None	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
<u>Unit Cost \$7,500 or More Per Purchase</u>			
<u>Without Prior Approval</u>			
None	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
Total	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

Contractor Name: South Central Los Angeles Ministry Project, Inc.

Contract Number: CSPP-2253

**California Department of Education
Audited Enrollment, Attendance and Fiscal
Report for California State Preschool Program**

Fiscal Year Ended: June 30, 2023

Vendor Code: A6860

Section 1 – Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form 1): **1**

Number of counties where the agency provided mental health consultation services to certified children (Form 2): **0**

Number of counties where the agency provided services to non-certified children (Form 3): **1**

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **0**

Total enrollment and attendance forms to attach: **2**

Section 2 – Days of Enrollment, Attendance and Operation

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	6,068	0	6,068	4,891.3268
Total Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000
Days of Attendance (including MHCS)	5,312	756	6,068	N/A
Total Non-Certified Days of Enrollment	920	0	920	910.8000
Total Non-Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	175		175	N/A

Section 3 – Revenue

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs	42,072	806	42,878
County Maintenance of Effort (EC Section 8260)			0
Other: CDE: CSPP Revenue	0	507,712	507,712
Other:			0
TOTAL RESTRICTED INCOME	42,072	508,518	550,590

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Preschool Reserve Account			0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Waived Family Fees for Certified Children			0
Interest Earned on Child Development Apportionment Payments			0
Unrestricted Income: Fees for Non-Certified Children			0
Unrestricted Income: Head Start			0
Other:			0
Other:			0

Section 4 - Reimbursable Expenses

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
1000 Certificated Salaries	116,983	53,153	170,136
2000 Classified Salaries	126,995	12,289	139,284
3000 Employee Benefits	22,814	25,994	48,808
4000 Books and Supplies	8,442	53,377	61,819
5000 Services and Other Operating Expenses	39,182	91,361	130,543
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-up Expenses (service level exemption)			0
Indirect Costs (include in Total Administrative Cost)			0
TOTAL REIMBURSABLE EXPENSES	314,416	236,174	550,590

Does the agency have an indirect cost rate approved by its cognizant agency (Select YES or NO)? Yes No

Approved Indirect Cost Rate:

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)	0	27,955	27,955
Total Staff Training Cost (included in Reimbursable Expenses)	0	670	670

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

Section 5 - Supplemental Funding

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			0
Other:			0
Other:			0
TOTAL SUPPLEMENTAL REVENUE	0	0	0

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries			0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
Non-Reimbursable Supplemental Expenses			0
TOTAL SUPPLEMENTAL EXPENSES	0	0	0

Section 6 - Summary

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	6,068	0	6,068
Days of Operation	175	0	175
Days of Attendance (including MHCS)	5,312	756	6,068
Total Certified Adjusted Days of Enrollment	N/A	N/A	4,891.3268
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	910.8000
Restricted Program Income	42,072	508,518	550,590
Transfer from Preschool Reserve Account	0	0	0
Interest Earned on Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	314,416	236,174	550,590
Total Administrative Cost	0	27,955	27,955
Total Staff Training Cost	0	670	670
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Section 7 – Auditor’s Assurances

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 Education Division:

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

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO): Yes No

Section 8 – Comments

Include any comments in the comment box. If necessary, attach additional sheets to explain adjustments.

California State Preschool Program – Form 1 Certified Children Days of Enrollment and Attendance

Service County: Los Angeles

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years Old Full-time-plus			0	2.1240	0.0000
Three Years Old Full-time			0	1.8000	0.0000
Three Years Old Part-time	2,068		2,068	1.1401	2,357.7268
Four Years and Older Full-time-plus			0	1.1800	0.0000
Four Years and Older Full-time			0	1.0000	0.0000
Four Years and Older Part-time	4,000		4,000	0.6334	2,533.6000
Exceptional Needs Full-time-plus			0	2.8320	0.0000
Exceptional Needs Full-time			0	2.4000	0.0000
Exceptional Needs Part-time			0	1.5202	0.0000
Dual Language Learner Full-time-plus			0	1.4160	0.0000
Dual Language Learner Full-time			0	1.2000	0.0000
Dual Language Learner Part-time			0	0.6334	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.6334	0.0000
Severely Disabled Full-time-plus			0	2.8320	0.0000
Severely Disabled Full-time			0	2.4000	0.0000
Severely Disabled Part-time			0	1.5202	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	6,068	0	6,068	N/A	4,891.3268

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	5,312	756	6,068	N/A	N/A

**California State Preschool Program – Form 2
 Certified Children Receiving Mental Health Consultation Services
 Days of Enrollment and Attendance**

Service County: Los Angeles

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years Old Full-time-plus			0	2.2240	0.0000
Three Years Old Full-time			0	1.9000	0.0000
Three Years Old Part-time			0	1.2401	0.0000
Four Years and Older Full-time-plus			0	1.2800	0.0000
Four Years and Older Full-time			0	1.1000	0.0000
Four Years and Older Part-time			0	0.7334	0.0000
Exceptional Needs Full-time-plus			0	2.9320	0.0000
Exceptional Needs Full-time			0	2.5000	0.0000
Exceptional Needs Part-time			0	1.6202	0.0000
Dual Language Learner Full-time-plus			0	1.5160	0.0000
Dual Language Learner Full-time			0	1.3000	0.0000
Dual Language Learner Part-time			0	0.7334	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.3980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.2000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.7334	0.0000
Severely Disabled Full-time-plus			0	2.9320	0.0000
Severely Disabled Full-time			0	2.5000	0.0000
Severely Disabled Part-time			0	1.6202	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES	0	0	0	N/A	0.0000

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE			0	N/A	N/A

California State Preschool Program – Form 3 Non-Certified Children Days of Enrollment

Service County: Los Angeles

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus			0	2.1240	0.0000
Toddlers (18 up to 36 months) Full-time			0	1.8000	0.0000
Toddlers (18 up to 36 months) Part-time	920		920	0.9900	910.8000
Three Years Old Full-time-plus			0	2.1240	0.0000
Three Years Old Full-time			0	1.8000	0.0000
Three Years Old Part-time			0	1.1401	0.0000
Four Years and Older Full-time-plus			0	1.1800	0.0000
Four Years and Older Full-time			0	1.0000	0.0000
Four Years and Older Part-time			0	0.6334	0.0000
Exceptional Needs Full-time-plus			0	2.8320	0.0000
Exceptional Needs Full-time			0	2.4000	0.0000
Exceptional Needs Part-time			0	1.5202	0.0000
Dual Language Learner Full-time-plus			0	1.4160	0.0000
Dual Language Learner Full-time			0	1.2000	0.0000
Dual Language Learner Part-time			0	0.6334	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.6334	0.0000
Severely Disabled Full-time-plus			0	2.8320	0.0000
Severely Disabled Full-time			0	2.4000	0.0000
Severely Disabled Part-time			0	1.5202	0.0000
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	920	0	920	N/A	910.8000

**California State Preschool Program – Form 4
 Non-Certified Children Receiving Mental Health Consultation Services
 Days of Enrollment**

Service County: Los Angeles

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus			0	2.2240	0.0000
Toddlers (18 up to 36 months) Full-time			0	1.9000	0.0000
Toddlers (18 up to 36 months) Part-time			0	1.0900	0.0000
Three Years Old Full-time-plus			0	2.2240	0.0000
Three Years Old Full-time			0	1.9000	0.0000
Three Years Old Part-time			0	1.2401	0.0000
Four Years and Older Full-time-plus			0	1.2800	0.0000
Four Years and Older Full-time			0	1.1000	0.0000
Four Years and Older Part-time			0	0.7334	0.0000
Exceptional Needs Full-time-plus			0	2.9320	0.0000
Exceptional Needs Full-time			0	2.5000	0.0000
Exceptional Needs Part-time			0	1.6202	0.0000
Dual Language Learner Full-time-plus			0	1.5160	0.0000
Dual Language Learner Full-time			0	1.3000	0.0000
Dual Language Learner Part-time			0	0.7334	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.3980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.2000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.7334	0.0000
Severely Disabled Full-time-plus			0	2.9320	0.0000
Severely Disabled Full-time			0	2.5000	0.0000
Severely Disabled Part-time			0	1.6202	0.0000
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES	0	0	0	N/A	0.0000

Quality Review Checklist

California State Preschool Program Agencies

Agency Name & Vendor #: South Central Los Angeles Ministry Project, Inc. A686

Introduction

The quality review checklist is required to be completed by the agency's representative and submitted along with the agency's audit report and is designed to reduce or eliminate the need for follow-up questions that arise as the California Department of Education (CDE), Audits & Investigations Division reviews the organization's audit report submission in accordance with California Code of Regulations, Title 5, Section 17824.

If questions arise during the audit report review process, the reviewer will contact the agency's Certified Public Accountant (CPA). Please provide an email address for the CPA or CPA firm that conducted the agency's audit.

CPA Firm / CPA Name: Zielinski & Associates, PC

Email: pking@zielinskico.com

Required Contents

1. Does the audit report include the following? (*Note: This information is required for all agencies. For more information, reference the [CDE Audit Guide](#): Chapter 200, Exhibit A; Chapter 300; and Appendix A, Illustrative Contractor Audit Report.*):

- a. Independent Auditor's Report, based on Generally Accepted Auditing Standards and Government Auditing Standards Yes No
 - i. Does the Independent Auditor's Report indicate whether the supplementary information is fairly presented in all material respects in relation to the financial statements as a whole? Yes No
- b. 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 Yes No
- c. Statement of Financial Position / Balance Sheet Yes No
- d. Statement of Activities / Income Statement Yes No
- e. Notes to Financial Statements Yes No

- f. Schedule of Expenditures of Federal and State Awards Yes No
- g. Schedule of Findings and Questioned Costs..... Yes No
- h. Combining Statement of Activities Yes No
- i. Schedule of Expenditures by State Categories Yes No
- j. Schedule of Claimed Administrative Costs Yes No
- k. Schedule of Claimed Equipment Expenditures..... Yes No
- l. Schedule of Claimed Expenditures for Renovations and Repairs Yes No
- m. Audited Attendance and Fiscal Report (AUD) form for each child development program contract..... Yes No
- n. Notes to the Child Development Contract Supplemental Information..... Yes No

2. If applicable, does the audit report submission include the following? (*Note: This information is only required under certain circumstances. For more information reference the CDE Audit Guide: Chapter 200, Exhibit A; Chapter 300; and Appendix A, Illustrative Contractor Audit Report.*):

- a. Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (2 CFR Part 200, Subpart F) Yes No N/A
- b. Management letter and/or internal control communication letter Yes No N/A
- c. Statement of Cash Flows Yes No N/A
- d. Statement of Functional Expenses Yes No N/A
- e. Schedule of Claimed Start-Up Expenses Yes No N/A
- f. Audited Reserve Account Activity Report (AUD 9530-A) Yes No N/A
- g. Reconciliation of fiscal year not ending on June 30 Yes No N/A
- h. Reconciliation of CDE Reporting to GAAP Reporting..... Yes No N/A
- i. An audit report that includes all required information for any agencies that the contractor entered into a subcontract for early learning and care services with (see the Contract Terms and Conditions (CT&C) Section I – Definitions)..... Yes No N/A

AUDs and Financial Statements

3. Were all AUDs prepared on the correct fiscal year's form?..... Yes No
4. Are all pages of the AUD form(s) included? Yes No
a. If not, was the appropriate box marked to explain why the pages were omitted? Yes No N/A
5. Are all applicable enrollment and attendance forms included in the audit report? [Note that the audit report should include a separate form for each service county where the agency provided a type of service (e.g. services to certified children, services to non-certified children, etc.)]..... Yes No
6. Does each AUD's column A agree to column C of the applicable CPARIS report? Yes No
7. Does the AUD 8501, Section 2 – Enrollment and Attendance Form Summary, correctly report the sum of the enrollment and attendance from the applicable enrollment and attendance forms?..... Yes No
8. Do each AUD's total expenses claimed for reimbursement and total supplemental expenses trace to and agree with the amounts reported on the Schedule of Expenditures by State Categories?..... Yes No
9. For each contract, do the total expenses on the Schedule of Expenditures by State Categories trace to and agree with the total expenses on the Combining Statement of Activities or any applicable expense reconciliation schedules presented in the report?..... Yes No
10. Does the total revenue and expenses on the Combining Statement of Activities (CSA) trace and agree to the Statement of Activities?..... Yes No
11. Does each AUD's revenue related to reimbursable expenses trace to and agree with the Combining Statement of Activities or other statement?..... Yes No

Capitalized Expenses

12. Are all capitalized expenditures using child development funds identified in the Schedule of Claimed Expenditures for Renovations & Repairs or Schedule of Claimed Equipment Expenditures? (Note: "Capitalized Equipment" is defined by the CT&C as equipment with a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the contractor for financial statement purposes, or \$5,000, including tax.)..... Yes No
13. Do capitalized equipment expenses on AUD line items 6400, 6500 and/or start-up expenses trace to and agree with the Schedule of Claimed Equipment Expenditures? Yes No

14. Does the Schedule of Claimed Equipment Expenditures report expenses in the appropriate categories for the agency's capitalization threshold? (See the *CDE Audit Guide*, Section 330 – Equipment Expenditures) Yes No
15. Do other capital outlays, line item 6100/6200 on the AUD, trace to and agree with the Schedule of Claimed Expenditures for Renovations & Repairs? Yes No
16. Did the agency obtain preapproval for items expensed in line item(s) 6100/6200, 6400 and/or 6500? Yes No N/A
 a. If not, please explain (attach additional pages if necessary).

17. If the agency has Child Care Facilities Revolving Fund or California Renovation and Repair loan repayments, are the expenditures correctly reported in line 6100/6200? Yes No N/A

Indirect and Administrative Costs

18. If the agency has an approved indirect cost rate, is it accurately reported on the AUD(s)? Yes No N/A
19. If indirect costs are claimed, are they within the maximum indirect cost rate of the lesser of its approved rate or ten percent (10%)? Yes No N/A
20. If indirect costs were reported, does the indirect cost amount agree to the indirect costs amount reported on the Schedule of Claimed Administrative Costs? Yes No N/A
21. Do the total administrative costs reported on the AUD(s) trace to and agree with the total expense amounts reported on the Schedule of Claimed Administrative Costs? Yes No

Enrollment, Attendance, and Assurances on Center-Based AUDs

22. Is the number of days of enrollment the same or greater than the number of days of attendance reported on the AUD(s)? Yes No N/A
23. Were the two assurance certifications checked on the AUD 8501? Yes No

Audited Reserve Account Activity Report

24. Does each Audited Reserve Account Activity Report either identify interest earned on reserve funds or explain in the comments section why no interest is reported? Yes No N/A

25. If there was a reserve account ending balance, was it correctly reported in the Statement of Financial Position/Balance Sheet as a liability? Yes No N/A

Revenue

26. If Child and Adult Care Food Program (CACFP) expenses were allocated to a child development contract, was the related revenue reported as restricted income? (Note: Reported revenue should be the lesser of the amount of CACFP funds paid to an agency or the amount of expenses allocated to the contract.) Yes No N/A

27. Was all revenue correctly classified as restricted or unrestricted in the AUD form(s)? Yes No N/A

28. If the agency received funds from the Employee Retention Tax Credit, were any funds earned by a child development program reported as restricted income? Yes No N/A

29. If non-certified children are reported in the AUD(s), were non-certified family fees reported? Yes No N/A

a. If not, please explain (attach additional pages if necessary).

Fees are not charged to families. Expenses for non-certified children are paid for using non-governmental grants and donations.

Completed By: Pamela King

Title: Senior Auditor

Posted by the California Department of Education
July 2023

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, 2023, 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 December 14, 2023.

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 December 14, 2023.

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.

A handwritten signature in cursive script that reads "Zielinski & Associates". The signature is written in black ink on a white background.

December 14, 2023



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 and State 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, 2023. South Central LAMP had no major federal programs for the year ended June 30, 2023. 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, 2023.

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.

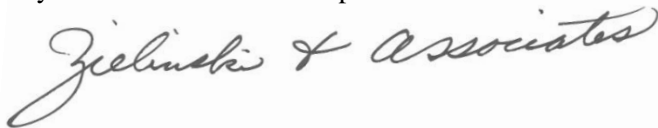
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, 2023, and have issued our report thereon dated December 14, 2023, 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.



December 14, 2023

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

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

SOUTH CENTRAL LOS ANGELES
MINISTRY PROJECT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

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, 2023, 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 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. 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 the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Zielinski & Associates".

December 14, 2023



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

December 14, 2023

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

Thank you for allowing us the opportunity to audit the financial statements of South Central Los Angeles Ministry Project, Inc. (the Organization) for the year ended June 30, 2023.

In planning and performing our audit of the financial statements, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances and for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

During the audit we became aware of deficiencies in internal control, other than significant deficiencies and material weaknesses, and matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated TBD on the financial statements of South Central Los Angeles Ministry Project, Inc.

PRIOR YEAR MATTERS

Update Business Office Documentation

The business office documentation has gradually been updated as changes in the policies and procedures have been made but there is no formal process to ensure that updates are made. The implementation of a new accounting service means there will be additional changes that need to be incorporated into the documentation. A timeline for the documentation revision should be agreed upon and followed. After the updated version of the documentation is complete, the Executive Director (ED) and the Finance Committee should review and approve.

Current status: In process.

Monthly Review of the Balance Sheet

The Finance Committee should review the balance sheet every month to ensure the accuracy of the financial reports presented to the Board on a quarterly basis. This review should include the following:

- Adjustments to the prior year's books, if any, made by the auditor at fiscal yearend should be promptly entered into QuickBooks (QBO) after the audit is completed.

- Journal entries made at fiscal yearend to record accounts payable, payroll accruals, accounts receivable, prepaid expenses, and deferred revenue should be adjusted (to reverse payables, receivables and accruals, and to recognize expenses and revenues) in the first quarter of the new fiscal year.
- The bank, investment, and credit card accounts should be reconciled every month and any anomalies explained.
- To improve the efficiency of the audit process at year end, we recommend that we review the financial statements on a quarterly basis.

Current status: The Finance Committee reviewed the financial statements on a regular basis throughout the year. However, the reports were not made available to us to review periodically. To ensure completion of this task the review dates should be scheduled ahead of time.

CURRENT YEAR MATTERS

Functional Expense Reporting

QBO's class function is used to allocate expenses into the functional categories of program, management and general, and fundraising for required audit and Form 990 reporting. The assignment of a class to a transaction is done when the expense is recorded. The system does not require a class to be entered and allows a class to be changed after the transaction has been recorded without a journal entry. If an expense is not recorded with a class or if a class is changed after recording and reporting, tracking of the expense allocations becomes more difficult. An analysis of the use of the class function versus utilizing the chart of account numbers to track and allocate expenses should be considered.

We will review the status of these comments during our next professional engagement. We have already discussed these comments and suggestions with organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

If you have any questions regarding the topics discussed above, please do not hesitate to call us.

Thank you again for the opportunity to serve you.

Sincerely,



Zielinski & Associates, P.C.