

**LAMP, INC.**  
**dba LAMP COMMUNITY**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

**LAMP, INC. dba LAMP COMMUNITY**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
LAMP, Inc. dba Lamp Community

### **Report on the Financial Statements**

We have audited the accompanying financial statements of LAMP, Inc. dba Lamp Community (a nonprofit organization) (Lamp), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 Lamp as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited Lamp's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Board of Directors  
LAMP, Inc. dba Lamp Community

**Other Matters - Supplementary Information**

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 Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 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 have also issued our report dated December 20, 2017, on our consideration of Lamp's 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 Lamp's internal control over financial reporting and compliance.

*Green Hasson & Janks LLP*

December 20, 2017  
Los Angeles, California

**LAMP, INC. dba LAMP COMMUNITY****STATEMENT OF FINANCIAL POSITION**

June 30, 2017

With Summarized Totals at June 30, 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and Cash Equivalents [Note 2(c)]	\$ (622)	\$ 602,662
Restricted Cash - Held for Members	267,980	122,661
Due from Ocean Park Community Center [Note 2(c)]	833,380	-
Accounts and Other Receivables (Net)	1,712,215	2,643,094
Contributions and Pledges Receivable	15,000	33,000
Contract Advances	-	552,350
Prepaid Expenses and Deposits	213,399	168,989
Property and Equipment (Net)	4,737,887	5,050,063
<b>TOTAL ASSETS</b>	<u>\$ 7,779,239</u>	<u>\$ 9,172,819</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts Payable	\$ 883,218	\$ 851,255
Accrued Liabilities	460,655	415,881
Due to Ocean Park Community Center [Note 2(c)]	-	101,571
Funds Held on Behalf of Members	267,980	122,661
Refundable Advances and Contract Reserves	804,775	1,963,671
Notes Payable	2,000,000	2,000,000
<b>TOTAL LIABILITIES</b>	4,416,628	5,455,039
<b>NET ASSETS:</b>		
Unrestricted - Undesignated	3,229,702	3,440,225
Temporarily Restricted	132,909	277,555
<b>TOTAL NET ASSETS</b>	<u>3,362,611</u>	<u>3,717,780</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,779,239</u>	<u>\$ 9,172,819</u>

The Accompanying Notes are an Integral Part of These Financial Statements

**LAMP, INC. dba LAMP COMMUNITY****STATEMENT OF ACTIVITIES**

Year Ended June 30, 2017

With Summarized Totals For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
<b>REVENUE AND SUPPORT:</b>				
Contracts and Grants	\$ 13,624,868	\$ 942,827	\$ 14,567,695	\$ 10,763,918
Contributions	406,356	10,000	416,356	532,033
Special Events	270,450	-	270,450	128,780
Apartment Rental Income	112,502	-	112,502	126,574
Business Revenue	84,339	-	84,339	78,379
Other Income	8,844	-	8,844	3,603
In-Kind Contributions	22,338	-	22,338	59,520
Releases from Purpose Restrictions	1,097,473	(1,097,473)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>15,627,170</b>	<b>(144,646)</b>	<b>15,482,524</b>	<b>11,692,807</b>
<b>EXPENSES:</b>				
Program Services	14,608,628	-	14,608,628	11,349,431
Fundraising	546,999	-	546,999	230,072
Management and General	682,066	-	682,066	1,251,987
<b>TOTAL EXPENSES</b>	<b>15,837,693</b>	<b>-</b>	<b>15,837,693</b>	<b>12,831,490</b>
<b>CHANGE IN NET ASSETS</b>	<b>(210,523)</b>	<b>(144,646)</b>	<b>(355,169)</b>	<b>(1,138,683)</b>
Net Assets - Beginning of Year	3,440,225	277,555	3,717,780	4,856,463
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,229,702</b>	<b>\$ 132,909</b>	<b>\$ 3,362,611</b>	<b>\$ 3,717,780</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**LAMP, INC. dba LAMP COMMUNITY**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2017

With Summarized Totals For the Year Ended June 30, 2016

	Program Services	Support Services		2017 Total	2016 Total
		Fundraising	Management and General		
Salaries	\$ 6,436,833	\$ 368,694	\$ 220,010	\$ 7,025,537	\$ 5,840,375
Payroll Taxes and Employee Benefits	1,557,247	71,298	63,449	1,691,994	1,369,666
<b>TOTAL PERSONNEL COSTS</b>	<b>7,994,080</b>	<b>439,992</b>	<b>283,459</b>	<b>8,717,531</b>	<b>7,210,041</b>
Professional Fees and Outside Services	2,791,353	10,788	114,901	2,917,042	2,591,620
Member-Related Expenses	765,388	-	2,093	767,481	264,491
Security	546,733	-	-	546,733	495,765
Rent	498,762	-	-	498,762	306,000
Food and Kitchen Supplies	314,965	-	9,796	324,761	280,756
Transportation	281,946	-	30,908	312,854	230,386
Depreciation	286,017	16,383	9,776	312,176	320,794
Utilities	235,376	-	8,317	243,693	238,516
Repairs and Maintenance	234,154	-	3,128	237,282	188,535
Equipment, Furniture and Fixtures	135,826	-	51,862	187,688	110,145
Telephone and Internet	167,085	234	3,491	170,810	128,863
Program and Office Supplies	83,458	5,023	18,654	107,135	64,816
Insurance	58,525	550	41,406	100,481	107,050
Computer Maintenance	79,060	-	2,498	81,558	84,329
Staff Training and Development	52,298	-	18,110	70,408	29,421
Fundraising Expenses	-	67,970	-	67,970	-
Dues and Subscriptions	18,093	2,185	32,131	52,409	52,283
Bank and Credit Card Fees	-	-	42,726	42,726	49,432
Taxes and Licenses	26,362	-	1,386	27,748	13,243
In-Kind Member-Related Expenses	22,338	-	-	22,338	-
Recruitment	11,249	3,829	4,641	19,719	14,266
Miscellaneous	1,308	45	2,783	4,136	42,197
Shower and Laundry Supplies	4,252	-	-	4,252	5,234
Bad Debt Expense	-	-	-	-	3,307
<b>TOTAL 2017 FUNCTIONAL EXPENSES</b>	<b>\$ 14,608,628</b>	<b>\$ 546,999</b>	<b>\$ 682,066</b>	<b>\$ 15,837,693</b>	
	92%	4%	4%	100%	
<b>TOTAL 2016 FUNCTIONAL EXPENSES</b>	<b>\$ 11,349,431</b>	<b>\$ 230,072</b>	<b>\$ 1,251,987</b>		<b>\$ 12,831,490</b>
	88%	2%	10%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

**LAMP, INC. dba LAMP COMMUNITY**

**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2017

With Summarized Totals For the Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (355,169)	\$ (1,138,683)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	312,176	320,794
Bad Debt Expense	-	3,307
(Increase) Decrease in:		
Restricted Cash - Held for Members	(145,319)	(13,383)
Due from Ocean Park Community Center	(833,380)	-
Accounts and Other Receivables	930,879	(70,550)
Contributions and Pledges Receivable	18,000	142,000
Contract Advances	552,350	(552,350)
Prepaid Expenses and Deposits	(44,410)	6,408
Increase (Decrease) in:		
Accounts Payable	31,963	488,760
Accrued Liabilities	44,774	175,605
Due to Ocean Park Community Center	(101,571)	101,571
Funds Held on Behalf of Members	145,319	13,383
Refundable Advances and Contract Reserves	(1,158,896)	1,109,846
 <b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	 (603,284)	 586,708
 <b>CASH FLOWS USED IN INVESTING ACTIVITY:</b>		
Purchase of Property and Equipment	-	(22,201)
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 (603,284)	 564,507
Cash and Cash Equivalents - Beginning of Year	<u>602,662</u>	<u>38,155</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	 <u>\$ (622)</u>	 <u>\$ 602,662</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid During the Year for Interest	\$ 1,203	\$ 379

The Accompanying Notes are an Integral Part of These Financial Statements



# LAMP, INC. dba LAMP COMMUNITY

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### NOTE 1 - NATURE OF ORGANIZATION

LAMP, Inc. dba Lamp Community (Lamp) has adopted a comprehensive model of seven core services: housing (both interim and permanent), mental health care, medical care, substance abuse services, domestic violence services, income/benefits assistance, and wellness/life skills programs. All services are highly integrated with each other and are available to clients on the street, at the agency's multiple sites, and in clients' permanent housing residences.

Lamp's programs, services and functions include the following areas: permanent housing services, mental health services, wellness model and programming, interim housing, medical and recuperative care, mobile teams, compliance and quality assurance, the Coordinated Entry System, strategic planning and community collaboration. Accomplishments include:

#### Permanent Housing Services:

Despite extreme shortages countywide of permanent housing units, Lamp has been highly successful at moving homeless individuals into permanent housing through its diversified approach to permanent housing. Through its relationship with the respective housing authorities of the County and City of Los Angeles, the agency receives numerous scattered site vouchers. Lamp's partnership with and funding from the Department of Health Services (DHS) continues to grow. The agency's multiple DHS teams provide permanent housing acquisition services and a full range of supportive services, including mental health care, to highly vulnerable homeless individuals who are high utilizers of County services. The agency continues to have oversight for services at multiple project-based sites.

#### Mental Health Services:

Through multiple grants and contracts, the agency's expansion of mental health services continues. Funding for mental health services includes funding from the Department of Mental Health (DMH) and the Department of Health Services (DHS). Mental health services include assessment, clinical case management, individual and group therapy, crisis intervention and evaluation for hospitalization, therapeutic treatment plans, and psychiatry services. Treatment is "mobile" and is provided on the street, in programs and shelters, and in clients' homes. Specific programs include:

- The agency's downtown "Wellness Center" provides numerous group, emergency, drop-in and community services. Onsite Wellness groups are offered from 8:00am to 12:00pm every morning to engage individuals on the street.
- Teams of clinical staff serve clients through the DMH Field Capable Clinical Services (FCCS) program.
- The agency also leverages Department of Mental Health MediCal Expansion funding for multiple programs.
- Lamp also has been awarded clinical funding for the mobile teams described below.

#### Wellness Model and Programming:

The agency's Wellness Program uses a skills-based, Harm Reduction, group model. Programming includes components that focus on skills such as emotion management, stress management, communication, assertiveness, and anger management. The goal is to assist clients in learning emotional and interpersonal skills that will allow them to become more independent and self-sufficient. Research outcomes have shown that this integrated model is connected with decreased substance use, improved mental health, improved interactions with others, and increased overall wellbeing. The program has also been connected with an increased number of clients wishing to become sober and improved psychosocial functioning among participants. The Wellness Program is now being expanded at all Interim Housing locations. Life Skills and Wellness groups that are geared toward clients who are not using substances are also offered across the agency.

# **LAMP, INC. dba LAMP COMMUNITY**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017**

### **NOTE 1 - NATURE OF ORGANIZATION (continued)**

#### Interim Housing:

The agency's main interim housing site is the Village in Skid Row. The site incorporates the agency's mental health services and Wellness Skills Model into onsite programming. Lamp's Interim Housing Program works closely with Permanent Housing Services to ensure smooth transitions as participants are assisted to move into permanent housing. Lamp is participating in a pilot program to provide referrals and support to inmates at County jails before they are discharged.

#### Medical and Recuperative Care:

Medical care through Lamp has been provided in collaboration with LA County medical services and the Department of Health Services. Lamp provides a range of physical health services and linkages through the following programs:

- With funding from the Department of Health Services, Lamp's recuperative care center "SOLAR", located in south L.A., serves homeless individuals who are in need of 24-hour, onsite medical care while they are moving toward permanent housing. The facility offers onsite Wellness groups and workshops and linkage to local community based services and activities.
- Lamp's HAUS Program (funded by the Department of Health Services), provides respite care for homeless individuals with physical health problems but who are more ambulatory than those that need more intensive recuperative care.

#### Mobile Teams:

This year Lamp has expanded its mobile outreach and treatment teams. Lamp has been partnering with DMH and DHS in the Skid Row C3 effort (a combination of County, City and Community). This ambitious effort provides targeted outreach to homeless individuals by breaking Skid Row into quadrants. It has been involved with moving hundreds of individuals off of the streets and into interim or permanent housing. Lamp staff who are part of this project include the team's director, all the mental health staff and the case management staff. This program is being used as the model for significant expansion across the county.

#### Compliance and Quality Assurance:

The Compliance and Quality Assurance functions extend over all programs and services. The agency will continue to expand its evaluation, compliance, and data functions to meet the needs of the agency and its level of clinical service provision (in the areas of health, mental health and substance abuse treatment).

#### Coordinated Entry System:

Lamp serves as the lead for the Coordinated Entry System in Service Planning Area 4, which covers much of central Los Angeles and includes Skid Row. The agency facilitates cooperation between numerous agencies to ensure prioritization of services. As a part of this, Lamp distributes funding to other agencies for services, such as Rapid Re-housing.

#### Strategic Planning and Community Collaboration:

Lamp's leadership is actively involved in strategic planning, collaborations and advocacy in the local community and in LA County. The Executive Director has served on LAHSA's Coordinating Council, and has given multiple presentations in a broad range of forums on issues in addressing homelessness.

# LAMP, INC. dba LAMP COMMUNITY

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### NOTE 1 - NATURE OF ORGANIZATION (continued)

Lamp is in the final stages of merging with Ocean Park Community Center (OPCC), and the two organizations currently are functionally merged (See Note 10). OPCC provides highly effective, fully integrated services to the most traumatized, vulnerable and needy members of the community - homeless individuals, victims of domestic violence, at-risk youth, indigent veterans, and people dealing with severe physical or mental illness or substance abuse. By merging with OPCC, Lamp will broaden the scope and reach of its services, allowing Lamp to have a greater impact in the Los Angeles community and a louder voice on the issues of homelessness, domestic violence, and mental health.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) BASIS OF PRESENTATION

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

#### (b) ACCOUNTING

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

- **Unrestricted - Undesignated.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Temporarily Restricted.** 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 statement of activities as net assets released from purpose or time restrictions. Lamp has \$132,909 of temporarily restricted net assets at June 30, 2017.
- **Permanently Restricted.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit Lamp to expend all of the income (or other economic benefits) derived from the donated assets. Lamp has no permanently restricted net assets at June 30, 2017.

# **LAMP, INC. dba LAMP COMMUNITY**

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(c) CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

Lamp considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents at June 30, 2017 approximates its fair value.

Lamp maintains separate cash accounts for certain of its members who receive pension and social security payments, as well as cash from other sources. Member funds that have been set aside in restricted trust bank accounts at June 30, 2017 amounted to \$267,980.

The reduction in cash and cash equivalents for the year ending June 30, 2017 is directly offset by an increase in Due from Ocean Park Community Center. Since the two organizations are in the process of merging, certain cash related to Lamp's operations was retained by Ocean Park Community Center and was partially offset by shared expenses due from Lamp to Ocean Park Community Center.

#### **(d) ACCOUNTS AND OTHER RECEIVABLES**

Receivables 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 fair 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. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2017, the allowance for uncollectible receivables was \$47,550.

#### **(e) CONCENTRATIONS**

Lamp places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Lamp has not incurred losses related to these investments and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The accounts receivable balance outstanding at June 30, 2017 consists primarily of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of Lamp's receivables consist of earned fees from contract programs granted by governmental agencies.

During the year ended June 30, 2017, Lamp earned \$6,039,193 (39% of total revenue and support) under intensive case management programs administered by the Los Angeles County Department of Health Services. Lamp also earned \$3,991,848 (26% of total revenue and support) under homeless services programs administered by the Los Angeles Homeless Services Authority (passed through the U.S. Department of Housing and Urban Development) and \$2,252,048 (15% of total revenue and support) under mental health services administered by the Los Angeles County Department of Mental Health. Lamp anticipates that it will continue to run these programs. There can be no assurance that Lamp will be able to obtain future grant agreements upon the expiration of the current term of the contracts.

**LAMP, INC. dba LAMP COMMUNITY**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE**

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues in the period received. Lamp reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. Pledges receivable at June 30, 2017 are due to be collected in their entirety within one year.

**(g) PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation, if donated. Depreciation is provided over the estimated useful lives of the related assets on a straight-line basis as follows:

Buildings and Improvements	23-40 Years
Furniture and Fixtures	5-10 Years
Automobiles and Trucks	5 Years
Leasehold Improvements	Lease Term (Including Extensions)

Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year. Expenditures for property and equipment acquired under certain grant agreements are expensed when incurred because the grantor retains title to such assets.

**(h) LONG-LIVED ASSETS**

Lamp reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flow is less than the carrying amount of the assets, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2017.

**(i) REFUNDABLE ADVANCES AND CONTRACT RESERVES**

Grant funds are recognized as revenue in accordance with the term of the grants and when funds are expended for grant purposes. Refundable advances include both amounts received in excess of funds expended to date as well as grant amounts awarded and not yet expended. In accordance with the term of the grant, each contract must be treated as a separate fund; therefore, continuing programs that accrue debts related to one contract period cannot be paid by cash advances related to another contract period. Grant funds received in advance amounted to \$53,333 at June 30, 2017. Contract reserves at June 30, 2017, amounting to \$751,442, are comprised of \$895,261 in estimated amounts due to the Los Angeles County Department of Mental Health for contract years ranging from 2006-2007 through 2015-2016, net of \$143,819 in estimated amounts due from the Los Angeles County Department of Mental Health for contract year 2016-2017.

# LAMP, INC. dba LAMP COMMUNITY

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time to Lamp. Some of the services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

#### (k) INCOME TAXES

Lamp is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

#### (l) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing Lamp's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Lamp uses full-time equivalents to allocate indirect and shared costs.

#### (m) 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 the date and for the period presented. Accordingly, actual results could differ from those estimates.

#### (n) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Lamp's financial statements for the year ended June 30, 2016 from which the summarized information was derived.

#### (o) NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) - Deferral of Effective Date*, which deferred the effective date for one year. Accordingly, this ASU will be effective for Lamp for the year ending June 30, 2019. Lamp is currently evaluating the effect the provisions of ASU 2014-09 will have on the financial statements.

# LAMP, INC. dba LAMP COMMUNITY

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the consolidated statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and providing additional information about the amounts recorded in the financial statements. For Lamp, the ASU will be effective for the year ending June 30, 2021.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. For Lamp, the ASU will be effective for the year ending June 30, 2019.

#### (p) RECLASSIFICATION

For comparability, certain June 30, 2016 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at June 30, 2017.

#### (q) SUBSEQUENT EVENTS

Lamp has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2017 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 20, 2017, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred, except for those described in Note 10.

### NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2017:

Land	\$	122,732
Buildings and Improvements		3,278,208
Furniture and Fixtures		575,006
Automobiles and Trucks		89,443
Leasehold Improvements		6,207,575
<b>TOTAL</b>		<b>10,272,964</b>
Less: Accumulated Depreciation		(5,535,077)
<b>PROPERTY AND EQUIPMENT (NET)</b>	<b>\$</b>	<b>4,737,887</b>

Depreciation expense for the year ended June 30, 2017 was \$312,176.

# LAMP, INC. dba LAMP COMMUNITY

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### NOTE 4 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2017 consist of the following:

Accrued Payroll	\$	268,067
Accrued Vacation		188,734
Other Accrued Expenses		<u>3,854</u>
<b>TOTAL ACCRUED LIABILITIES</b>	<b>\$</b>	<b><u>460,655</u></b>

### NOTE 5 - LINE OF CREDIT

Lamp has a revolving bank line of credit with a facility of \$425,000 (secured by receivables and equipment) through December 2017. The line of credit bears interest at the bank's prime rate plus 1.375% with a floor rate of 5.0%. The bank's prime rate at June 30, 2017 was 4.25%. There was no outstanding balance at June 30, 2017 on the line of credit.

### NOTE 6 - NOTES PAYABLE

Notes payable consists of the following at June 30, 2017:

Note payable to California Department of Housing and Community Development (CDHCD) in the original principal amount of \$1,000,000, collateralized by Lamp's interest (including rents) in, and improvements to, 660 South Stanford Avenue, Los Angeles (Lamp Lodge), principal and interest at 3% due in annual payments made exclusively from residual receipts (as defined in the loan agreement) derived from Lamp Lodge, due April 2021. \$ 1,000,000

Note payable to CDHCD under the Emergency Housing and Assistance Program (EHAP) in the original principal amount of \$1,000,000, collateralized by the Village property located at 526 San Pedro Street, with principal and interest at 3% due in annual installments from residual receipts (as defined in the loan agreement) from the Village as long as the Village is used as an emergency shelter, a transitional housing facility, or a safe haven, due May 2021. The loan is forgivable at the end of the term. The loan was issued to fund the rehabilitation of the Village building and funded in January 2015. 1,000,000

**TOTAL NOTES PAYABLE** **\$ 2,000,000**

It is not anticipated that Lamp will have any residual receipts on the operations of Lamp Lodge or the Village that will activate the requirement to make cash payments on the two loans from CDHCD. It is also anticipated that the Village will continue to operate as an emergency shelter, transitional housing facility or safe haven in the foreseeable future. Contingent interest on the notes payable to CDHCD amounted to approximately \$861,000 at June 30, 2017.

### NOTE 7 - PROFIT SHARING PLANS

Lamp has established a profit sharing plan for its full-time employees. The plan provides for annual contributions to be made at the discretion of the Board of Directors. Lamp made no contributions to this plan, and was working to close it out during the year ended June 30, 2017. Since November 2010 Lamp has also had a 403(b) tax-sheltered annuity plan. This plan covers all employees who normally work more than 20 hours a week and have one year of service. Lamp contributes 100% of eligible employee contributions up to 2.5% of compensation.



**LAMP, INC. dba LAMP COMMUNITY**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2017 are restricted for the following purposes:

Substance Abuse Prevention	\$	54,195
Community Outreach Program		43,714
Vehicle		<u>35,000</u>
<b><i>TOTAL TEMPORARILY RESTRICTED NET ASSETS</i></b>	<b>\$</b>	<b><u>132,909</u></b>

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

**(a) OPERATING LEASES**

On January 1, 2009, Lamp entered into an operating lease with the City of Los Angeles for facilities located at 527 Crocker Street, Los Angeles (The Village) and 526 South San Pedro Street, Los Angeles. The lease term is through December 31, 2028. There are no monthly lease payments, provided Lamp continues to provide housing and social services to the homeless community of Los Angeles and perform certain prescribed maintenance, repairs and upgrades to the premises.

Lamp leases property located at 660 South Stanford Avenue, Los Angeles (Lamp Lodge) from the City of Los Angeles Housing Department (City) as successor to the Community Redevelopment Agency of the City of Los Angeles. The term of the lease, which was entered into in April 1990, is 55 years, with an option to extend for 44 years. At the end of the lease term, Lamp will release the site to the City free of all liens and encumbrances. The lease provides for annual rental payments equal to 50% of the annual residual receipts of Lamp Lodge. Through June 30, 2017, there have been no residual receipts.

Lamp also leases certain supportive housing units and equipment under month-to-month operating leases.

Lamp rents four facilities and equipment under operating lease agreements expiring at various dates through June 2022. Future minimum commitments under existing non-cancellable leases as of June 30, 2017 are as follows:

<b>Years Ending June 30</b>	
2018	\$ 485,768
2019	499,511
2020	513,667
2021	512,112
2022	<u>243,448</u>
<b><i>TOTAL</i></b>	<b>\$ <u>2,254,506</u></b>

Rent expense under these leases for the year ended June 30, 2017 was \$530,769.

# **LAMP, INC. dba LAMP COMMUNITY**

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

### **NOTE 9 - COMMITMENTS AND CONTINGENCIES (continued)**

#### **(b) LEGAL PROCEEDINGS**

In the ordinary course of conducting its business, Lamp from time-to-time becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against Lamp which may have an impact on changes in net assets. Lamp believes that these proceedings, individually or in the aggregate, would not have a material effect on these financial statements.

#### **(c) CONTRACTS**

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 no provision has been made in these financial statements, except as described in Note 2 (i).

### **NOTE 10 - SUBSEQUENT EVENTS**

During the year ended June 30, 2016, the Boards of Directors of Lamp and OPCC, another leading social services agency committed to ending homelessness in Los Angeles, independently and unanimously approved a resolution to merge the two agencies. The merger agreement was executed in December 2015 and will result in combining the expertise and best practices of Lamp and OPCC in service and program resources to serve a greater number of people in the most effective ways possible. The formal transfer of assets, liabilities and contracts from Lamp to OPCC is in the final stages pending approval by various government agencies. The merged entity's new name is The People Concern.

On August 23, 2016, Lamp entered into a limited partnership agreement for the purpose of redevelopment and ongoing maintenance of the Lamp Lodge. Terms of the limited partnership agreement require the assignment of the long term ground lease between the City of Los Angeles and Lamp [described in Note 9 (a)] to the limited partnership. Assignment of the ground lease, demolition of the existing building and redevelopment require the consent of the City of Los Angeles. On October 4, 2017, consent was granted by the City of Los Angeles.

**LAMP, INC.**  
**dba LAMP COMMUNITY**  
SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2017

**LAMP, INC. dba LAMP COMMUNITY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2017

FEDERAL AWARDS Federal Grantor/Passed Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Number	Governmental Revenue		Program Expenditures from Governmental Revenue
			Federal	Nonfederal	
<b>MAJOR AWARDS</b>					
<b>U.S. Department of Housing and Urban Development:</b>					
Pass-through, Los Angeles Homeless Services Authority Continuum of Care - Supportive Housing Program	14.267	CA0409L9D001407/1508	\$ 254,392	\$ -	\$ 254,392
Pass-through, Housing Authority of the City of Los Angeles: Continuum of Care - Project-Based Rental Assistance	14.267	CA0407L9D001407/1508	103,683	-	103,683
<b>TOTAL MAJOR AWARDS</b>			358,075	-	358,075
<b>NON-MAJOR AWARDS</b>					
<b>U.S. Department of Housing and Urban Development:</b>					
Pass-through, City of Los Angeles Housing Department Housing Opportunities for Persons with AIDS	14.241	C120290	601,530	-	601,530
<b>U.S. Department of Health and Human Services:</b>					
Pass-through, Los Angeles County Department of Mental Health PATH McKinney Non-Medi-Cal	93.150	MH121209	187,432	-	187,432
<b>U.S. Department of Homeland Security:</b>					
Pass-through, United Way, Emergency Food and Shelter National Board Program	97.024	069500-145	16,577	-	16,577
<b>TOTAL NON-MAJOR AWARDS</b>			805,539	-	805,539
<b>TOTAL FEDERAL AWARDS</b>			\$ 1,163,614	\$ -	\$ 1,163,614

**Summary of Significant Accounting Policies**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of Lamp under programs of the Federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lamp, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lamp.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**3. Indirect Cost Rate**

Lamp has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

See Independent Auditor's Report