

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
JUNE 30, 2011

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
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June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
OPCC
Santa Monica, California



We have audited the accompanying statement of financial position of OPCC (formerly Ocean Park Community Center) ("OPCC") (a nonprofit corporation) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of OPCC's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OPCC as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2011 on our consideration of OPCC's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental Schedule of Activities by Program on page 25 is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



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December 2, 2011

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OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION
June 30, 2011

ASSETS

Assets

Cash and cash equivalents	\$ 940,809
Cash held in trust	107,785
Investments	2,322,621
Receivables from private and government agencies	779,135
Pledges receivable	260,967
Prepaid expenses and other assets	155,170
Deferred rent	4,295,455
Beneficial interest in charitable remainder trust	10,981
Property and equipment, net	<u>10,419,324</u>

Total assets \$ 19,292,247

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 585,300
Accrued interest - forgivable	454,391
Deposits held in trust	107,785
Notes payable	781,423
Notes payable - forgivable	<u>2,657,986</u>

Total liabilities 4,586,885

Commitments

Net assets

Unrestricted	\$ 7,169,513
Temporarily restricted	<u>7,535,849</u>

Total net assets 14,705,362

Total liabilities and net assets \$ 19,292,247

The accompanying notes are an integral part of these financial statements.

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Revenue			
Government agencies	\$ 5,046,248	\$ 933	\$ 5,047,181
Investment income, net realized/unrealized gains on investments	78,276	294,954	373,230
Support			
Contributions	1,702,448	450,885	2,153,333
Contributed goods	76,740	9,939	86,679
Contributed services	100,520	-	100,520
Contributed rent	-	306,033	306,033
Special events and mailings	519,033	271,744	790,777
Loss on disposal of property and equipment	(15,578)	-	(15,578)
Net assets released from restrictions			
Satisfaction of program restrictions	<u>1,596,649</u>	<u>(1,596,649)</u>	<u>-</u>
 Total revenue and support	 <u>9,104,336</u>	 <u>(262,161)</u>	 <u>8,842,175</u>
 Functional expenses			
Program services			
Access Center	2,166,378	-	2,166,378
Campion Mental Health Center	226,576	-	226,576
Sojourn	1,000,093	-	1,000,093
Night Light	79,220	-	79,220
Turning Point Transitional Housing	922,623	-	922,623
Daybreak	1,348,558	-	1,348,558
Safe Haven	1,098,249	-	1,098,249
Maryland Apartments	50,807	-	50,807
k9 connection	156,464	-	156,464
SAMOSHEL/SHWASHLOCK	1,187,794	-	1,187,794
Supporting services	1,347,037	-	1,347,037
Fundraising	<u>403,183</u>	<u>-</u>	<u>403,183</u>
 Total functional expenses	 <u>9,986,982</u>	 <u>-</u>	 <u>9,986,982</u>
 Change in net assets	 (882,646)	 (262,161)	 (1,144,807)
 Net assets, beginning of year	 <u>8,052,159</u>	 <u>7,798,010</u>	 <u>15,850,169</u>
 Net assets, end of year	 <u>\$ 7,169,513</u>	 <u>\$ 7,535,849</u>	 <u>\$ 14,705,362</u>

The accompanying notes are an integral part of these financial statements.

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

	Program Services										Total Program Services	Supporting Services	Fundraising	Total
	Access Center	Campion	Sojourn	Night Light	Turning Point	Daybreak	Safe Haven	Maryland Apartments	k9	SAMOSHEL/SHWASHLOCK				
Personnel expenses														
Salaries	\$ 921,084	\$ 316,667	\$ 602,713	\$ 55,435	\$ 482,166	\$ 676,597	\$ 591,230	\$ 36,153	\$ 80,576	\$ 565,251	\$ 4,327,872	\$ 972,411	\$ 245,397	\$ 5,545,680
Fringe benefits	268,632	77,955	163,228	16,692	127,659	197,883	166,657	10,662	21,950	189,750	1,241,068	183,242	46,179	1,470,489
Total personnel expenses	<u>1,189,716</u>	<u>394,622</u>	<u>765,941</u>	<u>72,127</u>	<u>609,825</u>	<u>874,480</u>	<u>757,887</u>	<u>46,815</u>	<u>102,526</u>	<u>755,001</u>	<u>5,568,940</u>	<u>1,155,653</u>	<u>291,576</u>	<u>7,016,169</u>
Other expenses														
Client	295,776	(188,389)	14,982	-	52,046	71,276	30,690	-	22,908	39,280	338,569	-	-	338,569
Consultants	63,148	974	25,106	-	3,619	37,655	12,215	787	1,400	5,355	150,259	19,130	3,100	172,489
Equipment	21,794	1,038	8,460	1,681	14,368	13,176	12,646	-	6,952	13,732	93,847	18,820	717	113,384
Services	245,599	-	22,202	-	4,518	1,777	4,308	-	706	181	279,291	67,576	6,674	353,541
Supplies	101,672	461	28,858	4,139	79,782	50,638	30,880	544	8,219	43,697	348,890	13,830	6,310	369,030
Rent - allocated	-	4,760	4,579	-	27,202	-	-	-	-	-	36,541	(36,541)	-	-
Space	220,320	10,322	96,202	1,255	74,092	149,327	105,862	2,181	2,646	325,212	987,419	55,511	27	1,042,957
Public relations	-	-	5,492	-	-	-	-	-	1,149	-	6,641	5,218	3,173	15,032
Travel/training	6,603	638	4,795	15	990	2,053	4,061	480	-	1,823	21,458	2,096	727	24,281
Staff/volunteer support	3,491	640	555	-	823	475	653	-	2,963	247	9,847	10,331	90	20,268
Other	2,793	481	4,039	3	1,860	6,381	1,233	-	112	1,779	18,681	8,225	6,325	33,231
Fundraising	-	-	-	-	-	-	-	-	50	1	51	-	84,464	84,515
Deferred rent	-	-	-	-	-	45,455	45,454	-	-	-	90,909	-	-	90,909
Total other expenses	<u>961,196</u>	<u>(169,075)</u>	<u>215,270</u>	<u>7,093</u>	<u>259,300</u>	<u>378,213</u>	<u>248,002</u>	<u>3,992</u>	<u>47,105</u>	<u>431,307</u>	<u>2,382,403</u>	<u>164,196</u>	<u>111,607</u>	<u>2,658,206</u>
Total expenses before depreciation and amortization	<u>2,150,912</u>	<u>225,547</u>	<u>981,211</u>	<u>79,220</u>	<u>869,125</u>	<u>1,252,693</u>	<u>1,005,889</u>	<u>50,807</u>	<u>149,631</u>	<u>1,186,308</u>	<u>7,951,343</u>	<u>1,319,849</u>	<u>403,183</u>	<u>9,674,375</u>
Depreciation and amortization	<u>15,466</u>	<u>1,029</u>	<u>18,882</u>	<u>-</u>	<u>53,498</u>	<u>95,865</u>	<u>92,360</u>	<u>-</u>	<u>6,833</u>	<u>1,486</u>	<u>285,419</u>	<u>27,188</u>	<u>-</u>	<u>312,607</u>
Total functional expenses before allocation of overhead	<u>2,166,378</u>	<u>226,576</u>	<u>1,000,093</u>	<u>79,220</u>	<u>922,623</u>	<u>1,348,558</u>	<u>1,098,249</u>	<u>50,807</u>	<u>156,464</u>	<u>1,187,794</u>	<u>8,236,762</u>	<u>1,347,037</u>	<u>403,183</u>	<u>9,986,982</u>
Allocation of administrative overhead	<u>233,050</u>	<u>55,470</u>	<u>150,843</u>	<u>16,849</u>	<u>129,046</u>	<u>201,204</u>	<u>163,292</u>	<u>8,427</u>	<u>16,849</u>	<u>167,263</u>	<u>1,142,293</u>	<u>(1,179,477)</u>	<u>37,184</u>	<u>-</u>
Total expenses after allocation of overhead	<u>\$ 2,399,428</u>	<u>\$ 282,046</u>	<u>\$ 1,150,936</u>	<u>\$ 96,069</u>	<u>\$ 1,051,669</u>	<u>\$ 1,549,762</u>	<u>\$ 1,261,541</u>	<u>\$ 59,234</u>	<u>\$ 173,313</u>	<u>\$ 1,355,057</u>	<u>\$ 9,379,055</u>	<u>\$ 167,560</u>	<u>\$ 440,367</u>	<u>\$ 9,986,982</u>

The accompanying notes are an integral part of these financial statements.

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011

Cash flows from operating activities

Cash received from contributors and grants	\$ 8,477,119
Cash paid to employees and suppliers	(9,085,136)
Interest received	75,959
Interest paid	<u>(52,632)</u>
 Net cash used in operating activities	 <u>(584,690)</u>

Cash flows from investing activities

Purchase of property and equipment	(10,694)
Cash received from sale of fixed assets	8,791
Cash received from sale of investments	557,771
Cash paid for purchase of investments	<u>(633,529)</u>
 Net cash used in investing activities	 <u>(77,661)</u>

Cash flows from financing activities

Payments on notes payable	<u>(25,865)</u>
 Net cash used in financing activities	 <u>(25,865)</u>

Net decrease in cash

(688,216)

Cash and cash equivalents, beginning of year

1,629,025

Cash and cash equivalents, end of year

\$ 940,809

Supplemental disclosure of cash flow information

Interest expense	<u>\$ 124,391</u>
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Summary of non-cash financing and investing activities

Note payable forgiveness	<u>\$ 53,894</u>
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The accompanying notes are an integral part of these financial statements.

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011

**Reconciliation of change in net assets to net cash
used in operating activities**

Change in net assets	\$ (1,144,807)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation and amortization	312,608
Loss on disposal of property and equipment	15,578
Net realized/unrealized gain on investments	(297,271)
Amortization of deferred rent	90,909
Note payable forgiveness	(53,894)
(Increase) decrease in	
Receivables from private and government agencies	(41,753)
Pledges receivable	645,030
Prepaid expenses and other assets	(19,291)
Beneficial interest in charitable remainder trust	(10,981)
Increase (decrease) in	
Accounts payable and accrued expenses	(152,577)
Accrued interest	71,759
	71,759
Net cash used in operating activities	<u><u>\$ (584,690)</u></u>

The accompanying notes are an integral part of these financial statements.

NOTE 1 – GENERAL

Description of Operations

OPCC (formerly Ocean Park Community Center) (“OPCC” or the “Corporation”) is a nonprofit corporation providing housing and supportive services for low-income and homeless youth, adults and families, battered women and their children, at-risk youth and people living with mental illness. OPCC consists of a number of directly operated programs.

Founded in 1963, OPCC’s success stems from the full range of services provided by its ten main programs: Access Center, Champion Mental Health Center, Daybreak Day Center and Shelter, k9 connection, Night Light, Safe Haven, SAMOSHEL, SHWASHLOCK, Sojourn Services for Battered Women and Their Children and Turning Point.

During OPCC’s forty-eight year history of continuous service to the economically and socially disenfranchised, the Corporation has built a reputation for innovation, integrity and reliability. A cornerstone to its success is its comprehensive array of housing and services that are strategically integrated to serve a diverse population with special needs. OPCC is dedicated to helping people in the worst of circumstances and who are the hardest to serve, including those who have been homeless for many years and those suffering from severe untreated mental illness, addiction and other disabilities. The various programs are as follows:

Access Center (originally known as the Drop-In Center) was the first program of OPCC and opened in 1963. It is often the first point of entry for low-income and homeless individuals and families seeking assistance. Access Center provides services ranging from meeting people’s immediate needs for food, clothing and personal hygiene to ongoing case management and linkages to health and mental health care, substance abuse treatment, housing and employment.

Champion Mental Health Center is staffed by licensed therapists and closely supervised interns who provide mental health services to residents in the community and clients at OPCC’s other programs. Established in 1984, Champion’s clientele includes children and adults facing problems such as depression, anxiety and relationship challenges, as well as families facing poverty, mental illness and domestic violence. Champion provides clinical support, supervision and training to the staff at the other projects of OPCC to ensure that clients’ mental health needs are met and works with community agencies in order to reduce barriers to care for low and no income individuals and families.

NOTE 1 – GENERAL (Continued)

Description of Operations (Continued)

Daybreak, founded in 1987, is the only program on the Westside designed exclusively for homeless women suffering from long-term debilitating mental illness. Daybreak addresses the needs of these women by providing a safe and accepting environment where they can find dignity, support and access to information and resources needed to stabilize their lives and move into permanent housing. Daybreak’s continuum of services includes a day center, transitional housing program, an aftercare program known as Women In New Directions (“WIND”) and a micro-enterprise (Daybreak Designs).

k9 connection brings together at-risk 12-18 year-old youth and homeless shelter dogs in a three week session where the youth train the dogs in basic obedience, assisting the dogs to develop the skills to become adoptable. The program empowers youth to apply the lessons they teach the dogs to their own lives, to develop an awareness of the risks of uncontrolled and impulsive behavior and to believe in the power of positive reinforcement as an alternative to force and violence. Finally, it aids teenagers in becoming responsible community members by focusing on goal setting, personal accountability and personal motivation.

Night Light youth outreach services was established in 1999 to serve the needs of runaway and homeless youth in the Santa Monica area. The program provides a range of services and resources linked to housing to assist young people in getting off the streets and establishing lives of self-sufficiency.

Safe Haven utilizes a “Housing First” community model to serve chronically homeless individuals living with co-occurring mental illness and substance abuse disorders, with 25 beds available and full day services for homeless people who are willing to come indoors. This gentle form of engagement, which does not require a commitment to treatment as a precondition for housing, is accepted as a best practice by the U.S. Department of Housing and Urban Development (“HUD”) and by homeless policy organizations throughout the nation.

SAMOSHEL became part of OPCC in September 2005. It was established in 1994 to provide homeless adults an alternative to living on the streets and to help them obtain jobs and permanent housing. SAMOSHEL provides interim housing, on-site case management, counseling, 12-step meetings, legal assistance, permanent housing referrals and employment assistance.

SHWASHLOCK, an acronym for SHowers, WASHers and LOCKers, also joined the OPCC network in September 2005. Opened in 1993, it provides homeless people with access to restrooms, shower and washer facilities, as well as a place to store personal belongings while they are working or looking for work and until they can find more stable housing. The goal of this program is to help individuals meet their basic needs of personal hygiene and overcome barriers that might prevent them from obtaining employment and housing.

NOTE 1 – GENERAL (Continued)

Description of Operations (Continued)

Sojourn Services for Battered Women and Their Children was established in 1977 and provides battered women and their children a safe space to regroup, rebuild and re-establish their self-esteem and lives. Sojourn's diverse programs serve women and children of all classes, cultures and religions, regardless of economic circumstances, physical and mental disabilities or immigration status, including those who are traditionally underserved, such as lesbians, elderly women, prostitutes, women with HIV and the substance-dependent. Sojourn fosters solidarity among women and children, educates the community and society and is committed to effecting political and social change through grassroots activism and a philosophy of individual empowerment.

Turning Point was established in 1983 and is a 55-bed program that offers housing and supportive services to individuals on the road to self-reliance. The project seeks to break the cycle of homelessness and to integrate homeless individuals back into the community by providing comprehensive, individualized services designed to assist people in obtaining employment, income and permanent housing.

OPCC formally began its **permanent supportive housing program** with an allocation of 70 Shelter Plus Care housing vouchers from the City of Santa Monica Housing Authority in 1994, which launched OPCC as one of the first supportive housing providers for homeless individuals with disabilities on the Westside of Los Angeles County. In 2002, OPCC partnered with A Community of Friends in a venture to provide permanent housing for this population by developing The Maryland Apartments, which houses 29 single adults in studio apartments. Today, OPCC houses over 300 people every year in permanent supportive housing, mostly through scattered site rental units throughout Los Angeles County.

Funding

OPCC is funded by a combination of private donations and governmental grants. Governmental funding is provided by various ongoing contracts with the City of Santa Monica, the United States Department of Health and Human Services, the Administration for Children & Families, the United States Department of Homeland Security, the United States Department of Justice, the United States Department of Housing and Urban Development, the State of California, the County of Los Angeles and the City of Los Angeles. Each of OPCC's primary programs is funded by separate contracts.

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 – GENERAL (Continued)

Funding (Continued)

These contracts are administered by the City of Santa Monica, the Los Angeles County Department of Mental Health, the Los Angeles Community Development Division, the Los Angeles County Community Development Commission, the Los Angeles Homeless Services Authority, the State Department of Housing and Community Development, the State Office of Emergency Services, the Emergency Food and Shelter Program, the United States Department of Housing and Urban Development, the Substance Abuse and Mental Health Services Administration, Clare Foundation and Venice Family Clinic.

OPCC receives approximately 57% of its operations funding from government agencies. This funding is recognized as support when grant-purpose services are being performed by OPCC.

OPCC also receives private support in the form of restricted and unrestricted donations. OPCC receives approximately 43% of its funding for operations from contributions made from private organizations or individuals and investments. These contributions are recognized as support when received.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements are presented utilizing the accrual basis of accounting.

OPCC reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. OPCC did not have any permanently restricted net assets at June 30, 2011.

Grants, Contributions and Pledges

Grants and contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Conditional contributions are recorded as support in the period the condition is met. Pledges for future contributions are recorded as receivables and reported at their estimated realizable values.

Government Grants

OPCC receives a portion of its total revenue and support under various governmental grants that pay OPCC based on reimbursable costs as defined by the grants, if any. Reimbursements recorded under these grants are subject to audit. Management believes that material adjustments will not result from subsequent audits, if any, of costs reflected in the accompanying financial statements.

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

Contributed services are recognized by OPCC 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. OPCC receives contributed services from volunteers who provide legal advice. Management estimated that the fair market value of these services during the year ended June 30, 2011 was \$100,520.

OPCC also receives a significant amount of contributed time from volunteers that does not meet the recognition criteria described above. The total number of volunteer hours contributed during the year was approximately 38,610 hours. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

Contributed Rent

OPCC has programs running on sites that are leased at rates below fair market value. Management has estimated that, for the current year, the fair market value of this contributed rent would be \$102,799 for Access Center and \$35,640 for Daybreak Center. Additionally, contributed rent recorded for SAMOSHEL and SHWASHLOCK locations totaled \$149,355 and \$18,239, respectively. These amounts have been reflected in the financial statements as revenue and expenses. Total donated rent was \$306,033 for all facilities for the year ended June 30, 2011.

Cash and Cash Equivalents

The Corporation considers highly liquid money market funds with original maturities of three months or less to be cash equivalents. Cash equivalents are stated at cost plus accrued interest, which approximates market value.

Investments

Investments in mutual funds and marketable securities are measured at fair value in the accompanying statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets after the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Rent

OPCC entered into a lease agreement, whereby OPCC is leasing a building rent free until 2058 (see Note 7). Deferred rent is recorded at the estimated net present value of rent for the facility covered by the lease agreement. Under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic No. 840, *Accounting for Leases*, rental costs associated with ground or building operating leases incurred during a construction period must be recognized as rental expense. A lessee must then follow the guidance in ASC 840 to determine the allocation of rental costs over the lease term. The guidance must be applied to the first reporting period beginning after December 15, 2005. As a result of this, OPCC started amortizing its deferred rent over the remaining period of the lease in 2005.

Beneficial Interest in Charitable Remainder Trust

OPCC retains an interest in a charitable remainder trust held by an outside trustee. The charitable remainder trust is stated at the net present value of estimated future benefits to be received.

Property and Equipment

Property and equipment are recorded at cost. Additions and improvements that materially extend the lives of assets are capitalized and recorded at cost. OPCC provides for depreciation and amortization using the straight-line method over the estimated useful lives of the depreciable assets, commencing when the asset is placed in service as follows:

Building and building improvements	40 years
Furniture and equipment	5 years
Leasehold improvements	Lesser of useful lives or lease term

When property and equipment are disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and the resulting gain or loss on disposition is reflected in operations.

Impairment of Long-Lived Assets

In accordance with Accounting Standards Codification No. 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, OPCC records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. During fiscal year 2011, there were no events that would cause OPCC to recognize an impairment of assets.

Deposits Held in Trust

Deposits held in trust represent monies held by OPCC on behalf of certain clients of Turning Point program, Daybreak Shelter program and SAMOSHEL program.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Expenses that can be identified with a specific project or supporting service are charged directly to the related program or supporting service. Certain expenses that are associated with more than one program or supporting service have been allocated among the programs and supporting services benefited based on management's estimates of time spent on various programs and services.

Income Taxes

OPCC is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, a provision for federal or state income taxes is not recorded in the accompanying financial statements. OPCC is classified as a corporation that is not a private foundation under Section 509(a)(1) and 170(b)(1)(A) of the Internal Revenue Code.

The Corporation recognizes the impact of tax positions on the financial statement in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic No. 740, *Accounting for Uncertainty in Income Taxes* ("ASC 740"). ASC 740 clarifies the uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statements No. 109, *Accounting for Income Taxes*, and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. In accordance with ASC 740, the Corporation recognizes the impact of tax positions in the financial statements if that position is more likely than not of being sustained in an audit, based on the technical merits of the position. To date, the Corporation has not recorded any uncertain tax positions. The Corporation recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the year ended June 30, 2011, the Corporation did not recognize any amount in potential interest and penalties associated with uncertain tax positions. As of June 30, 2011, the open tax years for the Corporation's state returns were 2006 to 2010 and 2007 to 2010 for the federal returns.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimated Fair Value of Financial Instruments

As defined in FASB ASC Topic 820, "Fair Value Measurements," fair value is the amount 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 (i.e. the exit price).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated Fair Value of Financial Instruments (Continued)

ASC 820 requires enhanced disclosures about financial instruments that are measured and reported at fair value. ASC 820 establishes a fair value hierarchy that prioritizes and ranks the level of market price observability used in measuring fair value. Market price observability is impacted by a number of factors, including the type of instrument, the characteristics specific to the instrument, and the state of the marketplace (including the existence and transparency of transactions between market participants). Instruments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

- Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date.
- Level 2 - Pricing inputs are observable for the instruments, either directly or indirectly, as of the reporting date but are other than quoted prices as in Level 1. Fair value is determined through observable trading activity reported at net asset value or through the use of models or other valuation methodologies.
- Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant judgment or estimation by the Corporation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement.

The Corporation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument. Financial instruments included in the Corporation's statement of financial position include cash and cash equivalents, receivables from private and government agencies, prepaid expenses, accounts payable and accrued expenses. The carrying values of all those financial instruments approximate fair values due to the short maturity of these instruments. The carrying amounts of pledges receivable and long-term debt approximate their fair value as these financial instruments earn or are charged interest based on the prevailing rates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated Fair Value of Financial Instruments (Continued)

See Note 5 for further discussion relating to ASC 820 and the Corporation's financial assets.

Recently Adopted Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update 2010-06, *Fair Value Measurements and Disclosures* (Topic 820) ("ASU 2010-06"). This guidance amends the disclosure requirements related to recurring and nonrecurring fair value measurements and requires new disclosures on the transfers of assets and liabilities between Level 1 and Level 2 of the fair value measurement hierarchy, including the reasons and the timing of the transfers. Additionally, the guidance requires a roll forward of activities on purchases, sales, issuance and settlements of the assets and liabilities measured using Level 3 measurements.

The guidance became effective for the reporting period beginning July 1, 2010, except for the disclosure on the roll forward activities for Level 3 fair value measurements, which will become effective for the reporting period beginning July 1, 2011. Management has not yet assessed the impact of ASU 2010-06 but does not believe it will have a material effect on its financial statements.

Recently Issued Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRSs," to converge the guidance in US GAAP and International Financial Reporting Standards ("IFRS"). The amended guidance changes several aspects of the fair value measurement guidance in ASC Topic 820. In addition, the amended guidance includes several new fair value disclosure requirements, including, among other things, information about valuation techniques and unobservable inputs used in Level 3 fair value measurements and a narrative description of Level 3 measurements' sensitivity to changes in unobservable inputs. For nonpublic entities, the amended guidance must be applied prospectively for annual periods beginning after December 15, 2011. The Corporation is in the process of assessing the effect that the guidance will have on its financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

OPCC maintains cash deposits at six financial institutions located in California. Deposits at each bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. During the regular course of business, one or more cash balances may be in excess of the insured limit.

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NOTE 4 – CASH HELD IN TRUST

Cash held in trust is comprised of accounts which OPCC maintains on behalf of certain clients of Turning Point, Daybreak Shelter and SAMOSHEL until these clients are self-sufficient and/or leave the program. As of June 30, 2011, cash balances related to these three programs aggregated to \$107,785.

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENT

The Corporation's investments consist of \$1,667,029 for the Sojourn Trust, \$170,729 for the k9 connection program, \$484,863 as a board designated endowment supporting general agency operations and \$16,044 in a charitable remainder trust. The following table summarizes the Corporation's financial assets by the fair value hierarchy levels in accordance with ASC 820 as of June 30, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Stock and stock funds	\$ 1,248,783	\$ -	\$ -	\$ 1,248,783
Fixed income funds	848,558	-	-	848,558
Mutual funds	65,630	-	-	65,630
Commodity future funds	159,650	-	-	159,650
Beneficial interest in Charitable Remainder Trust (Note 6)	-	-	<u>10,981</u>	<u>10,981</u>
Total investments	<u>\$ 2,322,621</u>	<u>\$ -</u>	<u>\$ 10,981</u>	<u>\$ 2,333,602</u>

The components of total investment return from these investments as of June 30, 2011 consisted of the following:

Interest and dividend income	\$ 75,959
Net realized and unrealized gains	<u>297,271</u>
Total	<u>\$ 373,230</u>

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NOTE 6 – RECEIVABLES

Receivables from private and government agencies at June 30, 2011 consisted of the following:

Governmental	\$ 779,135
Allowance for doubtful accounts	<u>-</u>
Total	<u>\$ 779,135</u>

Grants are receivable over the following periods:

Due within 1 year	\$ <u>779,135</u>
Total	<u>\$ 779,135</u>

Management believes that all receivables from private and government agencies are fully collectible and that no allowance is necessary as of June 30, 2011.

At June 30, 2011, pledges are expected to be received as follows:

One year or less	\$ 213,717
Between one year and three years	<u>47,250</u>
Total	<u>\$ 260,967</u>

Management believes that all pledges are fully collectible and that no allowance is necessary as of June 30, 2011.

NOTE 7 – DEFERRED RENT

In September 2003, OPCC entered into a 55-year lease with the City of Santa Monica to lease the Cloverfield Services Center. Under the terms of the lease, OPCC pays rent of \$1 each year for 55 years. The Lessor, the City of Santa Monica, purchased the building with the specific intent to lease it to OPCC under this arrangement. The cost of the building was \$5,000,000. Accordingly, OPCC recorded the below-market lease as a deferred rent asset and as a temporarily restricted contribution (see Note 14), restricted as to time, at June 30, 2004. OPCC started amortizing the deferred rent asset over the remaining period of the lease in 2005.

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NOTE 8 – BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST

During the year ended June 30, 2011, the Company has been named as a beneficiary in a charitable remainder trust held by an outside trustee. The charitable remainder trust is shown at the net present value of the estimated future benefits expected to be received of \$10,981.

The Company's interest in the charitable remainder trust is considered a Level 3 investment in accordance with ASC 820, since there is no active market for this investment, the Corporation is unable to obtain valuations from market sources.

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	<u>Beneficial Interest in Charitable Remainder Trust</u>
Balance, June 30, 2010	\$ -
Contributions	10,981
Distributions	<u>-</u>
Balance, June 30, 2011	<u>\$ 10,981</u>

NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2011 consisted of the following:

Land	\$ 2,330,000
Building and building improvements	3,448,733
Furniture and equipment	597,872
Leasehold improvements	<u>6,525,849</u>
	12,902,454
Less accumulated depreciation and amortization	<u>2,483,130</u>
Total	<u>\$10,419,324</u>

Depreciation and amortization expense amounted to \$312,607 for the year ended June 30, 2011.

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NOTE 10 – LINE OF CREDIT

OPCC has a \$400,000 line of credit available from Northern Trust NA. The line of credit has a zero balance as of June 30, 2011. The interest rate for the line of credit is the Prime rate plus a margin of 1.50%. The line of credit is renewed annually upon OPCC paying the annual fee and the bank's review of OPCC's financial statements.

NOTE 11 – NOTES PAYABLE

Notes payable at June 30, 2011 consisted of the following:

Note payable to Northern Trust Bank, secured by the land and property of OPCC's administrative headquarters. The note is payable in monthly installments of \$3,535 and bears interest at 5.75% per annum. Principal and interest are due on July 20, 2012.	\$ 411,617
Note payable to Low Income Investment Fund, secured by the land and property of Sojourn's Annex. The note is payable in monthly installments of \$3,006 and bears interest at 7.5% per annum. Principal and interest are due on February 1, 2016.	369,806
Note payable to Los Angeles Housing Department, secured by the land and property of Sojourn's Adams House. The note payable is non-interest bearing and will be repaid in the form of services provided by OPCC to the victims of domestic violence at a rate of \$32,500 per year or \$2,708 per month. The loan is due and payable in full no later than August 1, 2020. At the end of the 20th year, the remaining balance will be forgiven in full provided that OPCC remains in compliance with the terms of the regulatory agreement.	376,458
Program loan payable to the City of Santa Monica, secured by OPCC's interest in the Cloverfield Services Center. The note payable bears interest at 5.98% per annum, and payment of principal and interest will be made from residual receipts, which are defined as net rent and laundry income after deducting operating expenses, commencing September 30, 2005. The note is due and payable in full over a 55-year period. At the end of the 55th year, the remaining balance will be forgiven in full provided that OPCC remains in compliance with the terms of the regulatory agreement. At June 30, 2011, the balance consists of forgivable principal of \$1.2 million.	1,654,391

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NOTE 11 – NOTES PAYABLE (Continued)

Note payable to Redevelopment Agency of the City of Santa Monica, secured by OPCC’s interest in the Cloverfield Services Center. The note payable is non-interest bearing and will be repaid by OPCC in the form of congregate housing and emergency shelter for low-income people over a 55-year period. At the end of the 55th year, the remaining balance will be forgiven in full provided that OPCC remains in compliance with the terms of the regulatory agreement.	<u>1,081,528</u>
	3,893,800
Less forgivable principal	2,657,986
Less forgivable accrued interest payable	<u>454,391</u>
Total	<u>\$ 781,423</u>

OPCC is required to meet certain covenants for each year end for the note payable to Northern Trust Bank. OPCC has met the requirements for all covenants for the year ended June 30, 2011.

Future maturities of notes payable at June 30, 2011 were as follows:

Year Ending June 30,	
2012	\$ 76,245
2013	450,823
2014	58,777
2015	59,550
2016	380,073
Thereafter	<u>2,868,332</u>
Total	<u>\$ 3,893,800</u>

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NOTE 12 – COMMITMENTS

Leases

OPCC has entered into operating lease agreements for the OPCC Annenberg Access Center, Sojourn, SAMOSHEL and certain office equipment that expire through May 2015 and have a minimum monthly aggregate rental payment of approximately \$13,400. Future minimum rental commitments under these operating leases at June 30, 2011 were as follows:

<u>Year Ending June 30,</u>	
2012	\$ 143,792
2013	35,474
2014	10,348
2015	1,905
2016	<u>-</u>
Total	<u>\$ 191,519</u>

Rent expense for the year ended June 30, 2011 was \$150,382.

At June 30, 2011, Access Center, SAMOSHEL, Safe Haven and Daybreak Shelter programs were renting facilities from the City of Santa Monica. The City of Santa Monica owns the OPCC Annenberg Access Center, SAMOSHEL and the Cloverfield Services Center buildings.

NOTE 13 – ENDOWMENTS

OPCC has one board-designated endowment fund which is invested in a money market and mutual funds and is classified within unrestricted net assets. The intent of the board of directors is to set aside up to \$1 million in the endowment account. Future uses of the endowment account would be for general operational use as designated by the board of directors. Any dividend income that is generated is re-invested into the endowment account.

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NOTE 13 – ENDOWMENTS (Continued)

For the year ended June 30, 2011, OPCC's endowment net assets changed as follows:

	Board Designated Endowment Fund
Endowment net assets, beginning of year	<u>\$ 424,767</u>
Net investment return	
Dividends and interest	14,200
Unrealized and realized gains	<u>63,506</u>
Total investment return	77,706
Contributions	-
Fees	<u>(4,045)</u>
Endowment net assets, end of year	<u>\$ 498,428</u>

Of the total endowment net assets balance, \$13,565 is invested in a money market account and \$484,863 is invested in mutual funds.

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June 30, 2011

NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2011 were available for the following purposes:

	Available June 30, <u>2010</u>	<u>Revenues</u>	Expenditures/ Release from <u>Restrictions</u>	Available June 30, <u>2011</u>
Access Center	\$ 650,277	\$ 109,270	\$ (498,301)	\$ 261,246
Sojourn	2,215,819	787,633	(413,698)	2,589,754
Night Light	94,099	3,466	(32,251)	65,314
Turning Point	2,400	-	-	2,400
Daybreak	6,000	35,640	(40,640)	1,000
Safe Haven	146,518	800	(114,351)	32,967
k9 connection	226,422	169,104	(173,986)	221,540
SAMOSHEL	70,111	149,355	(214,274)	5,192
SHWASHLOCK	-	68,239	(18,239)	50,000
Beneficial interest in charitable remainder trust	-	10,981	-	10,981
Deferred rent	<u>4,386,364</u>	<u>-</u>	<u>(90,909)</u>	<u>4,295,455</u>
Total	<u>\$ 7,798,010</u>	<u>\$ 1,334,488</u>	<u>\$(1,596,649)</u>	<u>\$ 7,535,849</u>

The Declaration of Trust from the Sojourn Trust states that interest income is restricted to support the programs operated by Sojourn Services for Battered Women and Their Children. The board of directors of OPCC may petition the trustee, Northern Trust, to disburse principal from the trust to be used for specific purposes related to Sojourn. The trustee has the final authority on whether or not to approve principal distribution, and OPCC has the final authority on the selection of the trustee. At June 30, 2011, the balance in the Sojourn Trust is \$1,685,334.

NOTE 15 – RELATED PARTY TRANSACTIONS

OPCC receives related party contributions from board members and employees. During the year ended June 30, 2011, \$133,502 was contributed by related parties.

NOTE 16 – RETIREMENT PLAN

OPCC offers its employees the opportunity to participate in a 403(b) retirement plan (the “Plan”), which represents an annuity contract purchased from ING Life Insurance and Annuity Company. Employees are eligible to contribute to the Plan immediately upon hire and may contribute a maximum amount as permitted by law per year. Employer contributions to the Plan are not required.

NOTE 17 – SUBSEQUENT EVENTS

Management evaluated all activity of OPCC through December 2, 2011 (the issue date of these financial statements) and concluded that no other material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTAL INFORMATION

OPCC
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STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended June 30, 2011

	Program Services										Supporting Services and Fundraising	Total
	Access Center	Campion	Sojourn	Night Light	Turning Point	Daybreak	Safe Haven	Maryland Apartments	k9	SAMOSHEL/ SHWASHLOCK		
Revenue and support												
Revenue												
Government agencies	1,228,172	53,955	700,798	61,097	814,030	716,867	689,216	-	-	783,046		\$ 5,047,181
Investment income, realized losses and unrealized gains on investments	-	-	274,037	-	-	-	-	-	20,916	-	78,277	373,230
Loss on disposal of property and equipment	(3,100)		(502)		(887)	(3,100)	(378)		(670)		(6,941)	(15,578)
Support												
Contributions	197,330	118,079	394,754	4,475	60,730	366,222	21,625	16,569	75,495	125,331	772,723	2,153,333
Contributed goods	52,887	-	9,939	-	4,972	6,202	9,525	-	-	3,154	-	86,679
Contributed services	-	-	-	-	-	-	-	-	-	-	100,520	100,520
Contributed rent	102,799	-	-	-	-	35,640	-	-	-	167,594	-	306,033
Special events and mailings	15,016	4,079	197,928	1,711	3,911	36,966	4,859	-	72,695	9,466	444,146	790,777
Total revenue and support	1,593,104	176,113	1,576,954	67,283	882,756	1,158,797	724,847	16,569	168,436	1,088,591	1,388,725	8,842,175
Program services	2,399,428	282,046	1,150,936	96,069	1,051,669	1,549,762	1,261,541	59,234	173,313	1,355,057	-	9,379,055
Supporting services and fundraising	-	-	-	-	-	-	-	-	-	-	607,927	607,927
Total functional expenses	2,399,428	282,046	1,150,936	96,069	1,051,669	1,549,762	1,261,541	59,234	173,313	1,355,057	607,927	9,986,982
Net assets (deficit), beginning of year, as reclassified	(610,642)	(1,548,488)	2,317,690	24,853	(795,770)	4,436,010	4,906,319	(242,748)	226,419	(694,957)	7,831,483	15,850,169
Net assets (deficit), end of year	<u>\$ (1,416,966)</u>	<u>\$ (1,654,421)</u>	<u>\$ 2,743,708</u>	<u>\$ (3,933)</u>	<u>\$ (964,683)</u>	<u>\$ 4,045,045</u>	<u>\$ 4,369,625</u>	<u>\$ (285,413)</u>	<u>\$ 221,542</u>	<u>\$ (961,423)</u>	<u>\$ 8,612,281</u>	<u>\$ 14,705,362</u>

The accompanying notes are an integral part of these financial statements.