

## Audited Financial Statements



June 30, 2014

**Quigley & Miron**

**Ocean Park Community Center  
Audited Financial Statements  
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June 30, 2014**

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## Independent Auditor's Report

Board of Directors  
**Ocean Park Community Center**  
Santa Monica, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Ocean Park Community Center (OPCC), a nonprofit organization, which comprise the statement of financial position as of June 30, 2014, 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, including 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

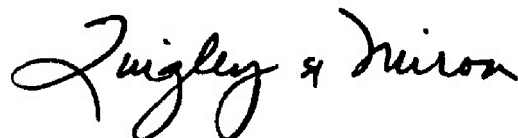
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 OPCC as of June 30, 2014, 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.

Los Angeles, California  
November 14, 2014



**Ocean Park Community Center  
Statement of Financial Position  
June 30, 2014**

**Assets**

Cash and cash equivalents	\$ 2,634,160
Investments—Note 3	2,605,100
Receivables from private and government agencies—Note 4	846,066
Pledges receivable, net—Note 4	1,842,980
Prepaid expenses and other assets	294,832
Deposits held in trust—Note 5	93,323
Deferred rent—Note 6	4,022,727
Beneficial interest in charitable remainder trust—Note 7	10,981
Property and equipment, net—Note 8	9,687,798

**Total Assets** \$ 22,037,967

**Liabilities and Net Assets**

**Liabilities**

Accounts payable and accrued expenses	\$ 866,411
Accrued interest, forgivable	1,041,256
Deposits held in trust—Note 5	93,323
Notes payable—Note 10	1,793,031
Notes payable, forgivable—Note 10	2,452,586

**Total Liabilities** 6,246,607

**Net Assets**

Unrestricted	
Undesignated	5,261,129
Board-designated	643,620

**Total Unrestricted Net Assets** 5,904,749

Temporarily restricted—Note 13	9,886,611
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**Total Net Assets** 15,791,360

**Total Liabilities and Net Assets** \$ 22,037,967

See notes to financial statements.

Ocean Park Community Center  
Statement of Activities  
Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and Support</b>			
Revenue			
Government agencies	\$ 6,259,239	\$	\$ 6,259,239
Investment income, net	99,559	252,734	352,293
Other income	18,506		18,506
Support			
Contributions	2,244,543	2,577,265	4,821,808
Contributed goods	40,594	22,080	62,674
Contributed services	33,940		33,940
Contributed rent		426,203	426,203
Special events and mailings	599,211	324,805	924,016
Net assets released from restrictions			
Satisfaction of program restrictions	2,726,771	(2,726,771)	
<b>Total Revenue and Support</b>	<b>12,022,363</b>	<b>876,316</b>	<b>12,898,679</b>
<b>Expenses</b>			
Program services			
Access Center / SHWASHLOCK / Night Light	2,374,272		2,374,272
Campion	212,617		212,617
Sojourn	1,009,420		1,009,420
Turning Point	994,823		994,823
Daybreak	1,249,615		1,249,615
Safe Haven	1,071,917		1,071,917
Field-Based Projects	756,811		756,811
k9 Connection	151,365		151,365
SAMOSHEL	1,223,387		1,223,387
<b>Total Program Services</b>	<b>9,044,227</b>		<b>9,044,227</b>
Supporting services			
Management and general	1,373,506		1,373,506
Fundraising	771,447		771,447
<b>Total Supporting Services</b>	<b>2,144,953</b>		<b>2,144,953</b>
<b>Total Expenses</b>	<b>11,189,180</b>		<b>11,189,180</b>
<b>Increase in Net Assets</b>	<b>833,183</b>	<b>876,316</b>	<b>1,709,499</b>
<b>Net Assets at Beginning of Year</b>	<b>5,071,566</b>	<b>9,010,295</b>	<b>14,081,861</b>
<b>Net Assets at End of Year</b>	<b>\$ 5,904,749</b>	<b>\$ 9,886,611</b>	<b>\$ 15,791,360</b>

See notes to financial statements.

Ocean Park Community Center  
Statement of Functional Expenses  
Year Ended June 30, 2014

	Program Services									Supportive Services			Total	
	Access Center SHWASHLOCK Night Light	Campion	Sojourn	Turning Point	Daybreak	Safe Haven	Field-Based Projects	k9 Connection	SAMOSHEL	Total Program Expenses	Management and General	Fundraising		Total Supportive Services
Expenses														
Salaries	\$ 1,123,793	\$ 118,056	\$ 611,302	\$ 495,728	\$ 616,706	\$ 551,553	\$ 322,212	\$ 69,322	\$ 598,289	\$ 4,506,961	\$ 871,765	\$ 367,740	\$ 1,239,505	\$ 5,746,466
Fringe benefits	353,642	31,782	185,476	167,961	187,252	172,946	81,162	21,170	198,079	1,399,470	172,821	78,752	251,573	1,651,043
<b>Total Personnel Expenses</b>	<b>1,477,435</b>	<b>149,838</b>	<b>796,778</b>	<b>663,689</b>	<b>803,958</b>	<b>724,499</b>	<b>403,374</b>	<b>90,492</b>	<b>796,368</b>	<b>5,906,431</b>	<b>1,044,586</b>	<b>446,492</b>	<b>1,491,078</b>	<b>7,397,509</b>
Client expenses	130,713	(7,360)	3,039	43,697	14,646	11,361	140,347	25,584	(37,712)	324,315	5,196	1,803	6,999	331,314
Consultants	17,905	41,793	27,142	2,620	22,074	12,473	93,659	3,692	8,020	229,378	8,619	55,848	64,467	293,845
Equipment	35,983	6,900	7,113	13,469	13,908	10,978	21,136	7,006	27,079	143,572	23,063	1,259	24,322	167,894
Services	179,457	15,378	12,187	4,349	2,471	4,712	2,702	4,692	511	226,459	69,622	11,668	81,290	307,749
Supplies	191,742	2,777	36,341	71,643	42,595	33,023	9,361	10,697	62,689	460,868	19,192	9,721	28,913	489,781
Space	321,935	2,854	94,681	136,457	242,205	185,720	71,208	4,012	359,364	1,418,436	124,400	342	124,742	1,543,178
Public relations			4,965					217	106	5,288	6,499	5,819	12,318	17,606
Travel and training	6,516	167	3,821	3,701	6,608	3,688	5,555		4,488	34,544	5,348	1,065	6,413	40,957
Staff and volunteer support	4,921		480	284	443	265	206	2,144	385	9,128	26,579	887	27,466	36,594
Other	3,459		2,055	1,468	11,384	1,640	2,943	497	1,272	24,718	15,238	132,428	147,666	172,384
Special events and mailers												104,115	104,115	104,115
<b>Total Expenses Before Depreciation and Amortization</b>	<b>2,370,066</b>	<b>212,347</b>	<b>988,602</b>	<b>941,377</b>	<b>1,160,292</b>	<b>988,359</b>	<b>750,491</b>	<b>149,033</b>	<b>1,222,570</b>	<b>8,783,137</b>	<b>1,348,342</b>	<b>771,447</b>	<b>2,119,789</b>	<b>10,902,926</b>
Depreciation and amortization	4,206	270	20,818	53,446	89,323	83,558	6,320	2,332	817	261,090	25,164		25,164	286,254
<b>Total Expenses Before Allocation of Overhead</b>	<b>2,374,272</b>	<b>212,617</b>	<b>1,009,420</b>	<b>994,823</b>	<b>1,249,615</b>	<b>1,071,917</b>	<b>756,811</b>	<b>151,365</b>	<b>1,223,387</b>	<b>9,044,227</b>	<b>1,373,506</b>	<b>771,447</b>	<b>2,144,953</b>	<b>11,189,180</b>
Allocation of Administrative Overhead	304,383	17,223	162,350	147,817	165,447	155,731	66,672	17,842	166,623	1,204,088	(1,266,533)	62,445	(1,204,088)	
<b>Total Expenses After Allocation of Overhead</b>	<b>\$ 2,678,655</b>	<b>\$ 229,840</b>	<b>\$ 1,171,770</b>	<b>\$ 1,142,640</b>	<b>\$ 1,415,062</b>	<b>\$ 1,227,648</b>	<b>\$ 823,483</b>	<b>\$ 169,207</b>	<b>\$ 1,390,010</b>	<b>\$ 10,248,315</b>	<b>\$ 106,973</b>	<b>\$ 833,892</b>	<b>\$ 940,865</b>	<b>\$ 11,189,180</b>

See notes to financial statements.

**Ocean Park Community Center  
Statement of Cash Flows  
Year Ended June 30, 2014**

**Cash Flows from Operating Activities**

Change in net assets	\$ 1,709,499
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	286,254
In-kind contributed equipment	(10,816)
Loss on disposal of equipment	35
Amortization of deferred rent	90,909
Debt forgiveness	(53,895)
Investment gain	(266,365)
Changes in operating assets and liabilities:	
Receivables from private and government agencies	99,003
Pledges receivable	(627,208)
Prepaid expenses and other assets	(71,235)
Accounts payable and accrued expenses	104,358
Accrued interest, forgivable	126,465

**Net Cash Provided by Operating Activities** 1,387,004

**Cash Flows from Investing Activities**

Proceeds on sales of investments	127,889
Purchases of investments	(85,730)

**Net Cash Provided by Investing Activities** 42,159

**Cash Flows from Financing Activities**

Repayments on notes payable	(45,857)
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**Net Cash Used in Financing Activities** (45,857)

**Increase in Cash and Cash Equivalents** 1,383,306

**Cash and Cash Equivalents at Beginning of Year** 1,250,854

**Cash and Cash Equivalents at End of Year** \$ 2,634,160

**Supplementary Disclosures**

Cash paid for interest	\$ 83,484
Cash paid for taxes	\$

See notes to financial statements.

**Ocean Park Community Center  
Notes to Financial Statements  
June 30, 2014**

**Note 1—Organization**

Organization—Ocean Park Community Center (OPCC) is a nonprofit corporation providing highly effective, fully integrated housing and services for the most traumatized and vulnerable members of our community, including low-income and homeless youth, adults and families, battered women and their children, at-risk youth, Veterans and people with severe physical or mental illness. OPCC consists of a number of directly operated programs.

Founded in 1963, OPCC's success stems from its comprehensive system of care with seven core services: housing, mental health care, medical care, substance abuse services, income and benefits, domestic violence services and wellness programs.

During OPCC's fifty year history of continuous service to the economically and socially disenfranchised, the organization 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.

OPCC is funded by a combination of private donations and government grants. Government funding is provided by various ongoing contracts with the City of Santa Monica, the United States Department of Health and Human Services, 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.

These contracts are administered by the City of Santa Monica, the Los Angeles County Department of Mental Health, the Los Angeles Housing and Community Investment Department, 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, and the Department of Veterans Affairs.

OPCC receives approximately 48% 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 52% of its funding for operations from contributions made from private organizations or individuals and investments. These contributions are recognized as support when received.

Programs and Services Accomplishments – Fiscal Year 2013-2014

- OPCC has been at the forefront of integrating changes in funding and services connected with the Affordable Care Act. The agency is at over 95% enrollment of all clients into MediCal. OPCC is already well-funded for the provision of "specialty mental health" services (for clients with moderate to severe needs) through the Department of Mental Health. The agency is now becoming a provider through local health plans to expand the agency's funding for clients whose functional mental health needs are "mild to moderate" (those who have already moved into permanent housing).



**Ocean Park Community Center**  
**Notes to Financial Statements—Continued**

**Note 1—Organization—Continued**

- Through multiple grants and contracts, OPCC’s expansion of mental health services continues. OPCC was recently chosen to receive the new DMH PATH contract for SPA 5, which will provide for expanded outreach services throughout SPA 5, a new team of 5 full-time staff members, and an additional half-time nurse. Mental health funding sources (including the Department of Mental Health, SAMHSA and private sources such as Cedars-Sinai) have increased and, with the new PATH contract, will now make up over \$1.7 million of the agency’s budget. Mental health services include individual and group therapy, crisis intervention and therapeutic treatment plans for residential clients. Treatment is “mobile” and is provided on the street, in programs and shelters, and in clients’ homes. Psychiatric care is available for clients in all programs.
- OPCC began a partnership this year with the Department of Health Services with multiple contracts to provide permanent supportive housing and a full range of supportive services to highly vulnerable, homeless, high utilizers of county services.
- OPCC’s new Veterans’ contract has been highly successful in its first year. The new Veterans’ team has already assisted 22 chronically homeless Veterans in obtaining permanent housing and receiving integrated comprehensive services.
- OPCC has been awarded expanded Department of Mental Health (DMH) MediCal Expansion funding for both its Integrated Mobile Health Team and for Project 25. These programs are providing ongoing, integrated services to some of the agency’s most disabled and hardest to treat individuals.
- OPCC has now expanded to two “Home Teams,” which are composed of both clinical and non-clinical staff and provide a range of supportive services (including clinical services, case management and linkage to community resources) to OPCC clients who have moved into permanent housing.
- OPCC has continued to move forward with the integration of all programs and services. The agency’s seven core services (housing, mental health care, medical care, domestic violence services, substance abuse services, income/benefits assistance, and wellness/life skills) are provided to all OPCC clients who are in need of each service with “hand off” and referral from one service to another.
- OPCC’s interdisciplinary mental health training program continues to grow and provides clinical training experience to interns and post-doctoral fellows in the fields of psychology, social work, and marital and family therapy. These trainees provide valuable clinical services for OPCC clients while they are in training.
- Through a combination of funding sources, and in collaboration with Venice Family Clinic, OPCC provides medical care on the streets, in our Access Center Primary Care suite, at OPCC residential programs, and to clients in their homes when needed. Mobile healthcare is provided through OPCC’s Integrated Mobile Health Team, funded by the Department of Mental Health. OPCC will be the lead agency and will partner with Venice Family Clinic and Westside Family Health Center in an effort funded by the Corporation for Supportive Housing to develop a Health Home Model for the Westside of LA County that will include linkage to medical care providers across the county.

**Ocean Park Community Center**  
**Notes to Financial Statements—Continued**

**Note 1—Organization—Continued**

- OPCC’s former Respite Program has grown into its current “Wellness Beds Program”, which provides onsite nursing care, as well as a full range of OPCC’s core services, to clients with both acute (respite) medical concerns and chronic medical conditions. With the addition this past year of another full-time RN, OPCC now has two full-time, onsite registered nurses who provide medical services to OPCC clients. In addition, with changes to the program that integrates clients with medical conditions into the entire SAMOSHEL program, OPCC has been able to significantly increase the number of clients that are served through this program.
- OPCC’s Wellness Program, which provides a range of groups and workshops to clients with substance use problems during the day, continues to grow and has been connected with an increased number of clients wishing to become sober, decreased use of substances and improved psychosocial functioning among participants. Recently-analyzed outcome data from the program showed that clients who participated experienced a decreased urge to drink and showed improvements in mental health, sense of control, and other wellbeing factors. The Wellness Program, which was started at Turning Point, has now grown to include groups and workshops at other OPCC locations. Life Skills and Wellness groups that are geared toward clients who are not using substances are now also offered across the agency.
- OPCC SAMOSHEL’s Special Populations Room has been successful in allowing SAMOSHEL to provide intensive services to clients with very severe mental health and substance abuse problems which would have otherwise made it hard for them to participate in a residential program.
- Despite Sequestration and shortages of housing options and housing subsidies, OPCC successfully met permanent housing targets across multiple funding sources this year. The agency moved to a more centralized housing process that has resulted in faster permanent housing placements. In addition, OPCC has continued to expand its use of nontraditional (non-voucher) housing placements. The agency has secured units for its new “Community Empowerment” shared housing model through which OPCC master leases houses that are shared by OPCC clients. The agency also is involved in multiple new partnerships with housing developers in LA County.
- OPCC’s longitudinal research project, funded through the agency’s SAMHSA grant, has successfully demonstrated the impact of OPCC programming on a broad range of outcomes in the areas of mental health, physical health, substance use, community integration, sense of control and other factors. OPCC continues to expand its evaluation, compliance and data function. OPCC’s Director of Compliance and Evaluation, who was hired last year, has added capacity to the agency’s QA and data processes.
- OPCC’s leadership is actively involved in strategic planning, collaborations and advocacy in the local community and in LA County. OPCC’s Associate Director is co-leader of the Westside’s Coordinated Entry System. OPCC’s Executive Director is past Chair of the Westside Shelter and Hunger Coalition (WSHC), and OPCC’s Associate Director is currently on the Board of WSHC. OPCC’s Executive Director is on the Executive Board of United Homeless Healthcare Partners (UHHP). OPCC’s Executive Director and Associate Director attend LAHSA Continuum of Care meetings.

**Ocean Park Community Center**  
**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies**

Financial Statement Presentation—The accompanying financial statements are presented utilizing the accrual basis of accounting. OPCC recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified on the existence or absence of donor-imposed restrictions. The net assets of the OPCC and changes therein are classified and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of OPCC. Unrestricted net assets include amounts available to be used at the discretion of the Board of Directors in OPCC's programs and operations and those resources invested in equipment. All donations are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of OPCC and/or passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions. Donor-restricted contributions received and expended in the same reporting period are recorded as unrestricted support. Temporarily restricted net assets at June 30, 2014 consisted of amounts restricted to funding specific expenses in future periods.

Permanently restricted net assets—Net assets that are restricted by the donors for investment in perpetuity. The investment income generated from these funds is available for general support of OPCC's programs and operations. At June 30, 2014, OPCC had no permanently restricted net assets.

Income Taxes—OPCC is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, OPCC has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered '*more likely than not*' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2014. Generally, OPCC's information returns remain open for examination three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—OPCC 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. OPCC maintains cash deposits at six financial institutions located in California.

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.

**Ocean Park Community Center**  
**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies—Continued**

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. During the fiscal year ended June 30, 2014, it became the policy of OPCC to expense items under \$3,000. Previously, it was the policy of OPCC to expense items under \$500. The new policy is applicable to all purchases made after June 30, 2013.

Concentration of Credit Risk—Financial instruments which potentially subject OPCC to concentrations of credit risk consist of cash and cash equivalents, and contributions receivable. OPCC places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, such cash and cash equivalent balances are in excess of the FDIC/SIPC insurance limits. Management regularly reviews the financial stability of its cash and money market fund depositories and deems the risk of loss due to these concentrations to be minimal.

Pledges receivable consist of balances from individuals, local foundations and corporations. OPCC has determined that the allowance for potential losses due to uncollectible receivables at June 30, 2014 and 2013 is adequate.

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.

Contributed Goods—Contributed goods come from Shelter Partnership, who operates the S. Mark Taper Foundation Shelter Resource Bank by soliciting large-scale donations of merchandise and ensuring that these items are delivered to the people and agencies who need them most. These goods consist primarily of household items and cleaning supplies and are reported in the statement of functional expenses as supplies.

**Ocean Park Community Center**  
**Notes to Financial Statements—Continued**

**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 services. Management estimated that the fair market value of these services during the year ended June 30, 2014 was \$33,940.

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 21,858 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 is as follows:

SAMOSHEL	\$	206,847
Access Center		147,012
Daybreak		46,260
SHWASHLOCK		26,084
		<hr/>
<b>Total</b>	<b>\$</b>	<b><u>426,203</u></b>

These amounts have been reflected in the financial statements as revenue and expenses.

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.

Use of Estimates—The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**Note 3—Investments and Fair Value Measurement**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy is categorized into three levels based on the inputs as follows:

Level 1—Quoted market prices in active markets for identical assets or liabilities. Level 1 assets include equity securities and mutual funds valued at the closing price reported on the active market on which the individual securities are traded.

**Ocean Park Community Center**  
**Notes to Financial Statements—Continued**

**Note 3—Investments and Fair Value Measurement—Continued**

Level 2—Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs that can be corroborated by observable market data.

Level 3—Unobservable inputs that are supported by little or no market activity which are significant to the fair value of the asset or liability. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

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 for which category within the fair value hierarchy is appropriate is based on the lowest level input that is significant to the fair value measurement in its entirety.

OPCC's investments consist of \$1,587,398 for the Sojourn Trust, \$407,535 for the k9 Connection program, \$610,167 as a board-designated endowment supporting general agency operations and \$10,981 in a charitable remainder trust.

OPCC's financial assets measured at fair value as of June 30, 2014 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Stocks and stock funds	\$ 1,981,520	\$ 1,981,520	\$	\$
Fixed income securities	<u>623,580</u>		<u>623,580</u>	
<b>Subtotals</b>	<b>2,605,100</b>	<b>1,981,520</b>	<b>623,580</b>	
Beneficial interest in charitable remainder trust	<u>10,981</u>			<u>10,981</u>
<b>Totals</b>	<b><u>\$ 2,616,081</u></b>	<b><u>\$ 1,981,520</u></b>	<b><u>\$ 623,580</u></b>	<b><u>\$ 10,981</u></b>

The Level 3 asset is valued based on the most recently available report from the holder of the asset. During the year ended June 30, 2014, there were no changes in Level 3 assets measured at fair value on a recurring basis.

Investment returns as of June 30, 2014 are as follows:

Dividend and interest income	\$ 85,928
Net realized and unrealized gain	<u>266,365</u>
<b>Investment Returns, Net</b>	<b><u>\$ 352,293</u></b>

**Ocean Park Community Center**  
**Notes to Financial Statements—Continued**

**Note 4—Receivables**

Receivables from private and government agencies at June 30, 2014 totaled \$846,066, all due within one year. Management believes that all receivables from private and government agencies are fully collectible and that no allowance is necessary as of June 30, 2014.

Pledges receivable at June 30, 2014 are expected to be received as follows:

One year or less	\$	669,898
Between one and five years		1,268,020
		<hr/>
<b>Pledges Receivable, Gross</b>		<b>1,937,918</b>
Less discount at 2%		(44,938)
Less allowance for doubtful accounts		(50,000)
		<hr/>
<b>Pledges Receivable, Net</b>	<b>\$</b>	<b><u>1,842,980</u></b>

**Note 5—Deposits Held In Trust**

Deposits 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, 2014, cash balances related to these three programs aggregated \$93,323.

**Note 6—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 13), restricted to time, at June 30, 2004. OPCC started amortizing the deferred rent asset over the remaining period of the lease in 2005. Deferred rent is recorded at the estimated net present value of rent for the facility covered by the lease agreement.

**Note 7—Beneficial Interest in Charitable Remainder Trust**

During the year ended June 30, 2011, OPCC was 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 as of June 30, 2014.

**Ocean Park Community Center**  
**Notes to Financial Statements—Continued**

**Note 8—Property and Equipment, Net**

Property and equipment, net consists of the following at June 30, 2014:

Land	\$ 2,330,000
Building and building improvements	3,448,733
Furniture and equipment	632,729
Leaseholder improvements	<u>6,525,848</u>
	<b>Gross 12,937,310</b>
Less accumulated depreciation and amortization	<u>(3,249,512)</u>
	<b>Net \$ <u>9,687,798</u></b>

Depreciation and amortization expense amounted to \$286,254 for the year ended June 30, 2014.

**Note 9—Line of Credit**

OPCC maintains a \$500,000 line of credit with First Republic Bank, which was not used during the year ended June 30, 2014. The interest rate on the line of credit is prime plus a margin of 0.50%. The line of credit is renewed annually upon OPCC paying the annual fee and the bank's review of OPCC's financial statements.

**Note 10—Notes Payable**

Notes payable at June 30, 2014 consist of the following:

Note payable to First Republic Bank, secured by land and property located at 16th Street; payable in monthly installments of \$7,839, bearing interest at 3.85% through February 1, 2018, thereafter rate is adjustable based on one month LIBOR; amortization period is 25 years.	\$ 1,451,199
Note payable to Low Income Investment Fund, secured by land and property of Sojourn's Annex; payable in monthly installments of \$3,006, bearing interest at 7.5% per annum; outstanding principal and interest due in full February 1, 2016.	<u>341,832</u>
<b>Total Notes Payable</b>	<b>\$ <u>1,793,031</u></b>



**Ocean Park Community Center**  
**Notes to Financial Statements—Continued**

**Note 10—Notes Payable—Continued**

Notes payable, forgivable consist of the following at June 30, 2014:

Forgivable note payable to Los Angeles Housing and Community Investment Department, secured by land and property of Sojourn's Adams House; non-interest bearing, to be repaid in the form of services provided by OPCC to victims of domestic violence, at a rate of \$32,500 per year or \$2,708 per month; due and payable in full no later than August 1, 2020; remaining balance to be forgiven in full 20 years from issue, provided OPCC remains in compliance with the terms of the regulatory agreement. \$ 278,958

Forgivable note payable to the City of Santa Monica, secured by OPCC's interest in the Cloverfield Services Center; bearing interest at 5.98%, compounded per annum; payment of principal and interest to be made from residual receipts, defined as net rent and laundry income after operating expenses are deducted, commencing September 30, 2005; note is due and payable in full over a 55-year period; remaining balance to be forgiven in full at end of period, provided OPCC remains in compliance with the terms of the regulatory agreement; at June 30, 2014, balance consists of forgivable principal of \$1.2 million and forgivable accrued compounded interest of \$1,041,256. 2,241,256

Forgivable note payable to Redevelopment Agency of the the City of Santa Monica, secured by OPCC's interest in the Cloverfield Services Center; non-interest bearing, to be repaid by OPCC over a 55-year period in the form of congregate housing and emergency shelter for low-income people; remaining balance to be forgiven in full at end of period, provided OPCC remains in compliance with the terms of the regulatory agreement. 973,628

**Total Gross Notes Payable, Forgivable 3,493,842**

Less forgivable accrued interest payable (1,041,256)

**Total Notes Payable, Forgivable \$ 2,452,586**

**Ocean Park Community Center**  
**Notes to Financial Statements—Continued**

**Note 10—Notes Payable—Continued**

Future maturities of notes payable and forgivable accrued interest payable at June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Notes Payable</u>	<u>Forgivable</u>	<u>Total</u>
2015	\$ 50,775	\$ 53,895	\$ 104,670
2016	374,456	53,895	428,351
2017	44,166	53,895	98,061
2018	45,897	53,895	99,792
2019	47,696	53,895	101,591
Thereafter	1,230,041	3,224,367	4,454,408
<b>Totals</b>	<b><u>\$ 1,793,031</u></b>	<b><u>\$ 3,493,842</u></b>	<b><u>\$ 5,286,873</u></b>

**Note 11—Commitments**

OPCC has entered into operating lease agreements for the OPCC Annenberg Access Center, SAMOSHEL, multiple housing units for clients, and certain office equipment that expire through August 2017.

Future minimum rental commitments under these operating leases at June 30, 2014 were as follows:

<u>Year Ending June 30,</u>	
2015	\$ 292,140
2016	216,917
2017	128,184
2018	12,046
<b>Totals</b>	<b><u>\$ 649,286</u></b>

Facilities and equipment rent expense for the year ended June 30, 2014 was \$216,612.

At June 30, 2014, 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 12—Board-Designated Quasi-Endowment**

OPCC has one board-designated quasi-endowment fund which is invested in 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 quasi-endowment account. Future uses of the quasi-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 quasi-endowment account.

**Ocean Park Community Center**  
**Notes to Financial Statements—Continued**

**Note 12—Board-Designated Quasi-Endowment—Continued**

For the year ended June 30, 2014, OPCC's quasi-endowment net assets changed as follows:

<b>Quasi-Endowment Net Assets, Beginning of Year</b>	<b>\$ 565,133</b>
Additions:	
Dividend and interest	22,586
Unrealized and realized gains and fees	55,901
	<hr/>
<b>Total Investment Return</b>	<b>78,487</b>
	<hr/>
<b>Quasi-Endowment Net Assets, End of Year</b>	<b>\$ 643,620</b>

Of the total quasi-endowment net assets balance, \$33,453 is invested in a money market account, \$260,163 is invested in mutual funds, and \$350,004 is invested in exchange traded funds.

**Note 13—Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2014 were available for the following purposes:

	<b>Available June 30, 2013</b>	<b>Additions</b>	<b>Expenditures/ Releases</b>	<b>Available June 30, 2014</b>
Access Center	\$ 292,428	\$ 215,828	\$ (350,950)	\$ 157,306
Campion	61,362	25,000	(31,850)	54,512
Sojourn	2,748,027	604,368	(389,368)	2,963,027
Night Light	101,170	6,124	(65,643)	41,651
Turning Point	28,278	10,742	(36,619)	2,401
Daybreak	26,000	60,022	(75,525)	10,497
Safe Haven	1,071	5,977	(4,977)	2,071
k9 Connection	449,042	263,834	(169,210)	543,666
SAMOSHEL	288,508	255,753	(443,945)	100,316
Community Empowerment Project		11,181	(22,117)	(10,936)
General agency	900,772	2,144,258	(1,045,657)	1,999,373
Deferred rent	4,113,637		(90,910)	4,022,727
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Totals</b>	<b>\$ 9,010,295</b>	<b>\$ 3,603,087</b>	<b>\$ (2,726,771)</b>	<b>\$ 9,886,611</b>

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, First Republic, 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. OPCC has the final authority on the selection of the trustee. At June 30, 2014, the balance in the Sojourn Trust was \$1,675,373.

**Ocean Park Community Center**  
**Notes to Financial Statements—Continued**

**Note 14—Related Party Transactions**

OPCC receives related party contributions from board members and employees. During the year ended June 30, 2014, \$94,185 was contributed by related parties. In addition, an annual fundraising event is held by another organization, from which the net proceeds are for the sole benefit of OPCC. During the year ended June 30, 2014, related parties contributed \$138,021 to this event, of which \$96,640 was payment on campaign pledges. In connection with the 50<sup>th</sup> Anniversary campaign (described in Note 16), OPCC's Board of Directors pledged \$101,000; \$1,171,000 cumulative to date.

**Note 15—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. There were no employer contributions made to the Plan during the year ended June 30, 2014.

**Note 16—50th Anniversary “Here for Good Campaign”**

During the fiscal year ended June 30, 2013, OPCC began a fundraising campaign, “Here for Good”, celebrating their 50th Anniversary as a service provider. The goal of the campaign, which will take 3 to 5 years to complete, is to raise \$20,000,000 to support program operations, expand permanent supportive housing, and fund an endowment to help sustain the agency's work.

**Note 17—Planned Giving**

OPCC's planned giving program allows donors to declare their intent to contribute to OPCC in the future through vehicles such as charitable bequests, retirement/life insurance policies, and charitable gift annuities. Revocable planned giving pledges made as of June 30, 2014 had a face value of \$4,175,000, and a discounted value of \$2,218,613. Revocable pledges made through the planned giving program are not included in the audited financial statements as they do not meet required criteria for recordation.

**Note 18—Subsequent Events**

Subsequent events were evaluated through November 14, 2014, which is the date the financial statements were available to be issued, and it was concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.