

**Audited Financial Statements
and Other Information**



June 30, 2016

Quigley & Miron

Ocean Park Community Center
 Audited Financial Statements and Other Information
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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, 2016, 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 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 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, 2016, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedules of expenditures of federal, state, and local awards, and the supplementary information required by the California Governor’s Office of Emergency Services (CAL OES) are presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and CAL OES, and are also not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued reports dated March 15, 2017, 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* in considering OPCC’s internal control over financial reporting and compliance.



Los Angeles, California
March 15, 2017

**Ocean Park Community Center
Statement of Financial Position
June 30, 2016**

Assets

Cash and cash equivalents	\$ 2,863,340
Investments—Note 3	2,540,588
Receivables from private and government agencies—Note 4	1,247,092
Pledges receivable, net—Note 4	1,760,501
Due from LAMP Community—Note 16	69,453
Prepaid expenses and other assets	330,003
Deposits held in trust—Note 5	70,026
Deferred rent—Note 6	3,840,909
Beneficial interest in charitable remainder trust—Note 7	10,981
Property and equipment, net—Note 8	10,446,856

Total Assets \$ 23,179,749

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	1,121,415
Accrued interest payable, forgivable—Note 10	1,317,325
Deposits held in trust—Note 5	70,026
Notes payable—Note 10	1,709,991
Notes payable, forgivable—Note 10	2,344,794

Total Liabilities 6,563,551

Net Assets

Unrestricted	
Undesignated	4,122,976
Board-designated—Note 12	649,593

Total Unrestricted Net Assets 4,772,569

Temporarily restricted—Note 13 11,843,629

Total Net Assets 16,616,198

Total Liabilities and Net Assets \$ 23,179,749

See notes to financial statements.

**Ocean Park Community Center
Statement of Activities
Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Revenue			
Government agencies	\$ 6,613,292	\$	\$ 6,613,292
Investment income, net—Note 3	6,755	61,856	68,611
Other income	92,286		92,286
Support			
Contributions	2,302,518	3,076,145	5,378,663
Contributed goods	52,698	6,214	58,912
Contributed services	157,110		157,110
Contributed rent		496,650	496,650
Special events and mailings	382,061	275,064	657,125
Net assets released from restrictions			
Satisfaction of program restrictions	3,911,442	(3,911,442)	
Total Revenue and Support	13,518,162	4,487	13,522,649
Expenses			
Program services	11,354,537		11,354,537
Supporting services			
Management and general	2,020,162		2,020,162
Fundraising	917,251		917,251
Total Supporting Services	2,937,413		2,937,413
Total Expenses	14,291,950		14,291,950
Change in Net Assets	(773,788)	4,487	(769,301)
Net Assets at Beginning of Year	5,546,357	11,839,142	17,385,499
Net Assets at End of Year	<u>\$ 4,772,569</u>	<u>\$ 11,843,629</u>	<u>\$ 16,616,198</u>

See notes to financial statements.

Ocean Park Community Center
Statement of Functional Expenses
Year Ended June 30, 2016

Expenses	Supportive Services				Total
	Program Expenses	Management and General	Fundraising	Total Supportive Services	
Salaries	\$ 5,664,564	\$ 1,212,151	\$ 466,321	\$ 1,678,472	\$ 7,343,036
Fringe benefits	1,695,994	218,088	79,054	297,142	1,993,136
Total Personnel Expenses	7,360,558	1,430,239	545,375	1,975,614	9,336,172
Client expenses	245,159		700	700	245,859
Consultants	260,415	158,002	177,612	335,614	596,029
Equipment	340,329	67,510	23,805	91,315	431,644
Services	186,403	86,314	18,130	104,444	290,847
Supplies	436,730	39,137	20,739	59,876	496,606
Space	2,098,358	142,470	15,211	157,681	2,256,039
Licenses and fees	18,072	8,852	13,421	22,273	40,345
Travel and training	85,190	17,303	6,352	23,655	108,845
Staff and volunteer support	10,120	36,476	2,418	38,894	49,014
Other	22,279	6,100	9,374	15,474	37,753
Special events and mailers			84,114	84,114	84,114
Total Expenses Before Depreciation and Amortization	11,063,613	1,992,403	917,251	2,909,654	13,973,267
Depreciation and amortization	290,924	27,759		27,759	318,683
Total Expenses Before Allocation of Overhead	11,354,537	2,020,162	917,251	2,937,413	14,291,950
Allocation of Administrative Overhead	1,535,733	(1,615,293)	79,560	(1,535,733)	
Total Expenses After Allocation of Overhead	\$ 12,890,270	\$ 404,869	\$ 996,811	\$ 1,401,680	\$ 14,291,950

See notes to financial statements.

**Ocean Park Community Center
Statement of Cash Flows
Year Ended June 30, 2016**

Cash Flows from Operating Activities

Change in net assets	\$ (769,301)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	318,683
Loss on disposal of equipment	918
Amortization of deferred rent	90,909
Debt forgiveness	(53,896)
Net realized and unrealized loss on investments	19,711
Changes in operating assets and liabilities:	
Receivables from private and government agencies	(258,402)
Pledges receivable	461,962
Due from LAMP Community	(69,453)
Prepaid expenses and other assets	(12,130)
Accounts payable and accrued expenses	213,669
Accrued interest, forgivable	142,042

Net Cash Provided by Operating Activities 84,712

Cash Flows from Investing Activities

Purchases of property and equipment	(736,773)
Proceeds on disposal of property and equipment	2,408
Proceeds on sales of investments	580,131
Purchases of investments	(525,658)

Net Cash Used in Investing Activities (679,892)

Cash Flows from Financing Activities

Repayments on notes payable	(44,916)
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Net Cash Used in Financing Activities (44,916)

Decrease in Cash and Cash Equivalents (640,096)

Cash and Cash Equivalents at Beginning of Year 3,503,436

Cash and Cash Equivalents at End of Year \$ 2,863,340

Supplementary Disclosures

Cash paid for interest	<u>\$ 75,457</u>
Cash paid for taxes	<u>\$</u>

See notes to financial statements.

Ocean Park Community Center
Notes to Financial Statements
June 30, 2016

Note 1—Organization

Organization—OPCC (formerly Ocean Park Community Center) 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-three 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 Departments of Health Services and 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 49% 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 51% of its funding for operations from contributions made from private organizations or individuals and investments.

During the fiscal year ended June 30, 2016, OPCC entered into a merger agreement with LAMP Community. The merger brings together two highly respected and geographically diverse organizations operating throughout Los Angeles County, and creates a new organization to serve more individuals and families using our comprehensive, fully-integrated model of housing and services.

Subsequent to year-end, The People Concern was selected as the new agency name. Upon merger finalization, OPCC's and LAMP Community's assets and liabilities, including any contingent liabilities, will be assumed by The People Concern. For purposes of public recognition, fundraising and contract

Ocean Park Community Center
Notes to Financial Statements—Continued

Note 1—Organization—Continued

negotiations, The People Concern brand is already being utilized by both OPCC and LAMP Community to demonstrate unity.

Programs and Services Accomplishments – Fiscal Year 2015-2016

With the union of OPCC and LAMP Community, The People Concern moves forward with the agency's integrated, comprehensive model of seven core services: housing (both interim and permanent), mental health care, medical care, substance abuse services, domestic violence services, income/benefits assistance, and wellness/life skills programs. All services are provided with easy "hand off" from one service to another. And all are provided to clients on the street, at the agency's multiple sites, and in clients' permanent housing residences.

With approximately 300 program staff, The People Concern's programs, services and functions are now successfully merged across Westside and Downtown sites with the following functions now operating as agency-wide departments: Permanent Supportive Housing, Mental Health Programs, Interim Housing, Evaluation and Compliance, and Clinical QA. Sojourn, the agency's domestic violence program, is headquartered on the Westside, but the program's services and shelters already serve downtown clients, and Sojourn is now providing domestic violence training agency-wide. The Outreach and Engagement function is in the process of becoming agency-wide, with the remodeling of the Downtown Access Center and planning for staffing that will be merged with Westside Access Center leadership and staff. Agency programs and services track to the agency's Associate Director, and there are now six directors who oversee agency-wide functions, with an additional 13 program or project directors across the merged agency. Accomplishments this year include:

Permanent Housing Services:

Despite extreme countywide shortages of permanent housing units, The People Concern has been highly successful at moving homeless individuals into permanent housing through its diversified approach to permanent housing. Through its relationship with three housing authorities, the agency was awarded new scattered site vouchers this year. The People Concern's partnership with and funding from the Department of Health Services (DHS) continues to grow. The agency's multiple DHS teams provide permanent housing acquisition services and a full range of supportive services, including mental health care to highly vulnerable, homeless, high utilizers of county services. Through multiple Westside partnerships established with housing developers over the last few years, over 1,000 new housing units countywide will come on line for our agency in the next couple of years as these new developments open. The agency continues to have oversight for services at multiple Downtown project-based sites. Through the agency's Shared Housing Program, The People Concern master leases multiple housing units that are shared by clients. These units are especially valuable in the efforts of the agency's Rapid Rehousing Program, which assists homeless individuals with less acute needs who may have become homeless more recently. The agency also utilizes a number of nontraditional placements when appropriate for clients, including Board and Care, Skilled Nursing Facilities, Senior Housing, Assisted Living and assistance through Santa Monica's Project Homecoming to homeless individuals who desire to return home to another geographic area. In addition, the agency's "Home Team", funded through private sources, provides a range of supportive services (including clinical services, case management and linkage to community resources) to clients who have moved into permanent housing.

Ocean Park Community Center
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Mental Health Services:

Through multiple grants and contracts, the agency's expansion of mental health services continues. Funding for mental health services, which includes funding from the Department of Mental Health (DMH), the Substance Abuse and Mental Health Services Administration (SAMHSA), the Department of Health Services (DHS), the City of Santa Monica and multiple private funders, has increased and now constitutes one of the agency's two largest funding sources. Mental health services include assessment, clinical case management, individual and group therapy, crisis intervention/evaluation for hospitalization, therapeutic treatment plans, and psychiatry services. Treatment is "mobile" and is provided on the street, in programs and shelters, and in clients' homes.

Specific programs include:

- The Westside's Integrated Mobile Health Team (IMHT), funded through DMH, began as a DHM "Innovations Pilot." Because of its exceptional outcomes, the program was one of a very small number of IMHTs to be renewed with permanent Full Service Partnership (FSP) funding. The team targets the most acute, most vulnerable homeless individuals in our client population.
- The agency's Downtown "Wellness Center" has been restructured this year to provide increased group, emergency, drop-in and community services. Onsite wellness groups are offered from 8:00 to 12:00 every morning to engage individuals on the street. The program has also become more mobile and provides services at the agency's Village, HAUS and SOLAR sites.
- The agency's Westside Department of Mental Health's SPA 5 Multidisciplinary Treatment Team (MIT) provides expanded outreach services throughout SPA 5. The new team has 5 full-time staff members, and an additional half-time nurse.
- This year, The People Concern was awarded DMH Field Capable Clinical Services (FCCS) Funding, which is now funding additional clinical staff both Downtown and on the Westside.
- The agency also was awarded expanded Department of Mental Health (DMH) MediCal Expansion funding for multiple programs.
- The People Concern also has been awarded clinical funding for mobile teams described below.

Wellness Model and Programming:

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

Ocean Park Community Center
Notes to Financial Statements—Continued

Note 1—Organization—Continued

OPCC was honored by the SAMHSA with a special commendation as an “exemplary” agency for this model. Last year, the agency was awarded a new 1.6 million dollar, 4-year SAMHSA grant to provide integrated medical and mental health services. This grant, which is now underway, provides for a team with nursing, mental health, substance abuse, health education and peer staffing. The new program has expanded the current Wellness Program to include increased health education interventions. These interventions include smoking cessation, nutrition and exercise, and self-care for chronic condition such as diabetes and cardiovascular disorders. The program now offers a broad array of new physical health workshops at multiple sites.

This year, the Wellness Program was expanded to the Westside’s Access Center so that even those individuals who are still living on the street can begin to access important skills-based services.

Interim Housing:

This past year, The People Concern’s interim housing programs have been merged into one, agency-wide Interim Housing Program. Interim housing sites include SAMOSHEL, Turning Point, and Cloverfield Services Center (which houses both Safe Haven and Daybreak) on the Westside, and the Village and HAUS downtown. (*SOLAR is described below under Medical and Recuperative Care.*) All interim housing sites now share resources and are moving forward in incorporating the agency’s mental health services and Wellness Skills Model into onsite programming. The People Concern’s Interim Housing Program works closely with Permanent Housing Services to ensure smooth transitions as participants are assisted to move into permanent housing.

Medical and Recuperative Care:

Through a combination of funding sources, and in collaboration with Venice Family Clinic, OPCC has been providing medical care on the streets, in our Access Center’s Primary Care suite, at Westside interim housing programs, and to clients in their homes when needed. Mobile healthcare has also been provided through the Westside’s Integrated Mobile Health Team. Medical care through LAMP has been provided in collaboration with Los Angeles County medical services and the Department of Health Services. The People Concern provides a range of physical health services and linkages through the following programs:

- With funding from the Department of Health Services, The People Concern’s recuperative care center “SOLAR”, located in south LA, serves homeless individuals who are in need of 24-hour, onsite medical care while they are moving toward permanent housing. With new leadership this year, the center is expanding its interim housing services to include onsite Wellness groups and workshops and its linkage to local community based services and activities.
- The Westside’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 integrated services, to clients with both acute medical concerns and chronic medical conditions. The program has been expanded to multiple interim housing sites.
- The People Concern collaborates with Providence St. John’s Health Center on the Westside through a joint Patient Navigator program to ensure that homeless individuals who are seen at the hospital’s emergency department are linked with appropriate integrated services. This approach

Ocean Park Community Center
Notes to Financial Statements—Continued

Note 1—Organization—Continued

has been shown to not only be linked with better patient outcomes, but it is also connected with lower system costs.

- The People Concern’s Downtown HAUS Program (funded by the Department of Health Services) provides respite care for homeless individuals with physical health problems who are more ambulatory than those that need more intensive recuperative care.
- The People Concern is well-situated for funding through the new “Health Home” bill. OPCC served as the lead agency in a Health Home Pilot grant from the Corporation for Supportive Housing, and The People Concern is now part of a Health Home Task Force.

Domestic Violence Services:

This year, The People Concern’s Sojourn began strategic planning for a new prevention and intervention program to serve men throughout the agency with a history of domestic violence. Sojourn continues to provide county-wide services through its two domestic violence shelter programs and a range of prevention, education, and intervention programs that operate throughout the community.

Mobile Teams:

This year The People Concern has expanded its mobile outreach and treatment teams. The following new mobile teams have been added:

- **C3**—The People Concern has been partnering with DMH and DHS in the recently launched Skid Row C3 effort (a combination of County, City and Community). This ambitious effort has already moved dozens of individuals off of the streets in Skid Row. The People Concern staff who are part of this project include the team’s director, all the mental health staff, and the case management staff.
- **Santa Monica Homeless Multidisciplinary Street Team**—With funding from the City of Santa Monica, this new street team (composed of medical staff from Venice Family Clinic and mental health, case management, and housing staff from The People Concern) targets the most vulnerable homeless individuals in the local area, as well as those who are frequent utilizers of hospital, paramedic, and police services.
- **Pacific Palisades and Malibu Outreach Teams**—With private funding raised through both the Malibu and Pacific Palisades communities, along with funding for Malibu raised by the Hilton Foundation, The People Concern has launched outreach teams in both of these local areas with the goal of linking homeless individuals in these areas to the full range of integrated services that the agency offers.

Compliance and Quality Assurance:

The Compliance and Quality Assurance functions have grown this year and, with the new merger, now extend across all Downtown programs and services. The Westside’s longitudinal research project, funded through the agency’s SAMHSA grant, continues to demonstrate the impact of our programming model on a broad range of outcomes in the areas of mental health, physical health, substance use, community integration, sense of control and other factors. The agency will continue to expand its evaluation, compliance, and data functions in the areas of health, mental health, and substance abuse treatment to meet the needs of the merged agency and its level of clinical service provision.

Ocean Park Community Center
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Strategic Planning and Community Collaboration:

The People Concern's leadership is actively involved in strategic planning, collaborations and advocacy in the local community and in Los Angeles County. The People Concern's Executive Director is a past Chair of the Westside Shelter and Hunger Coalition (WSHC), and the agency's Associate Director is current Chair of the Coalition (now called the Westside Coalition for Housing, Hunger and Health). The Executive Director chairs a workgroup focusing on high utilizers of hospital emergency room and inpatient services as part of the Westside Health Access, a multi-agency collaboration convened by Venice Family Clinic to address access to primary and specialty health care for low-income and homeless people. Both the Executive Director and Associate Director have served on LAHSA's Coordinating Council. The People Concern's Executive Director has given multiple presentations this past year in a broad range of forums on issues addressing homelessness across the county and the country. The Associate Director has presented on the agency's integrated wellness and mental health model at multiple conferences.

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, 2016 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, 2016, OPCC had no permanently restricted net assets.

Ocean Park Community Center
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

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, 2016. Generally, OPCC’s information returns remain open for examination for a period of 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.

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. It is the policy of OPCC to expense items under \$3,000.

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

Ocean Park Community Center
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

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, 2016 is adequate.

Grants, Contributions and Pledges—Grants and contributions are recognized as support when the gift is made, and are recorded as unrestricted, temporarily restricted, or permanently restricted 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.

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, 2016 was \$157,110.

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 exceeded 22,000 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	\$	268,358
Access Center		194,093
SHWASHLOCK		34,199
		<hr/>
Total	\$	<u>496,650</u>

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

Ocean Park Community Center
Notes to Financial Statements—Continued

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.

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.

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 \$1,537,562 for the Sojourn Trust, \$412,198 for the k9 Connection program, \$590,828 as a board-designated endowment supporting general agency operations and \$10,981 in a charitable remainder trust.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by OPCC are open-end funds that are registered with the Securities and Exchange Commission. These

Ocean Park Community Center
Notes to Financial Statements—Continued

Note 3—Investments and Fair Value Measurement—Continued

funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Exchange Traded Funds: Valued at the closing price reported on the active market on which the funds are traded.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. Government Agencies and U.S. Treasuries: Valued using pricing models maximizing the use of observable inputs for similar securities.

OPCC's financial assets measured at fair value as of June 30, 2016 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Common stock	\$ 625,228	\$ 625,228		\$
Mutual funds	806,814	806,814		
Exchange traded funds	565,802	565,802		
Corporate bonds	375,130		375,130	
Other	63,177	63,177		
U.S. treasuries	104,437		104,437	
Subtotals	2,540,588	2,061,021	479,567	
Beneficial interest in charitable remainder trust	10,981			10,981
Totals	<u>\$ 2,551,569</u>	<u>\$ 2,061,021</u>	<u>\$ 479,567</u>	<u>\$ 10,981</u>

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, 2016, there were no changes in Level 3 assets measured at fair value on a recurring basis.

Net investment income as of June 30, 2016 is as follows:

Dividend and interest income	\$ 88,322
Net realized and unrealized loss	(19,711)
Net	<u>\$ 68,611</u>

Ocean Park Community Center
Notes to Financial Statements—Continued

Note 4—Receivables

Receivables from private and government agencies at June 30, 2016 totaled \$1,247,092, 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, 2016.

Pledges receivable at June 30, 2016 are expected to be received as follows:

One year or less	\$ 1,242,342
Between one and five years	<u>569,822</u>
Pledges Receivable, Gross	1,812,164
Less discount at 2%	(15,420)
Less allowance for doubtful accounts	<u>(36,243)</u>
Pledges Receivable, Net	<u>\$ 1,760,501</u>

Note 5—Deposits Held In Trust

Deposits held in trust are 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, 2016, cash balances related to these three programs aggregated \$70,026.

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, 2016.

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, 2016:

Land	\$	2,330,000
Building and building improvements		4,712,753
Furniture and equipment		621,735
Leasehold improvements		6,514,178
	Gross	14,178,666
Less accumulated depreciation and amortization		<u>(3,731,810)</u>
	Net	<u>\$ 10,446,856</u>

Depreciation and amortization expense amounted to \$318,684 for the year ended June 30, 2016.

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, 2016. 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, 2016 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.	\$	1,373,654
\$344,000 note payable to First Republic Bank, dated December 8, 2014, secured by land and property payable in monthly installments of \$1,784, bearing interest at 4.70% through January 1, 2022, thereafter rate is adjustable based on one month LIBOR; amortization period is 30 years.		<u>336,337</u>
Total Notes Payable	\$	<u>1,709,991</u>

Ocean Park Community Center
Notes to Financial Statements—Continued

Note 10—Notes Payable—Continued

Notes payable, forgivable consist of the following at June 30, 2016:

Forgivable note payable to Los Angeles Housing and Community Investment Department, secured by land and property of Sojour'n'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. \$ 213,958

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, 2016, balance consists of forgivable principal of \$1.2 million and forgivable accrued compounded interest of \$1,317,325. 2,517,325

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. 930,836

Total Gross Notes Payable, Forgivable 3,662,119

Less forgivable accrued interest payable (1,317,325)

Total Notes Payable, Forgivable \$ 2,344,794

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, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Notes Payable</u>	<u>Forgivable</u>	<u>Total</u>
2017	\$ 46,896	\$ 53,896	\$ 100,792
2018	48,806	53,896	102,702
2019	50,797	53,896	104,693
2020	52,736	53,896	106,632
2021	55,017	53,896	108,913
Thereafter	1,455,739	3,392,639	4,848,378
Totals	<u>\$ 1,709,991</u>	<u>\$ 3,662,119</u>	<u>\$ 5,372,110</u>

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, 2016 were as follows:

<u>Year Ending June 30,</u>	
2017	\$ 129,515
2018	<u>12,141</u>
Total	<u>\$ 141,656</u>

Facilities and equipment rent expense for the year ended June 30, 2016 was \$273,186.

At June 30, 2016, 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, 2016, OPCC's quasi-endowment net assets changed as follows:

Quasi-Endowment Net Assets, Beginning of Year	\$ 647,358
Additions:	
Dividend and interest	26,095
Unrealized and realized losses and fees	(23,860)
	<hr/>
Total Investment Return	2,235
	<hr/>
Quasi-Endowment Net Assets, End of Year	<u><u>\$ 649,593</u></u>

Of the total quasi-endowment net assets balance, \$58,764 is invested in a money market account, \$242,943 is invested in mutual funds, and \$347,886 is invested in exchange traded funds.

Note 13—Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2016 were available for the following purposes:

	<u>Available</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Expenditures/ Releases/ Reclasses</u>	<u>Available</u> <u>June 30, 2016</u>
Access Center	\$ 5,696	\$ 544,093	\$ (381,593)	\$ 168,196
Campion				
Sojourn	3,650,103	1,446,353	(428,918)	4,667,538
Night Light				
Turning Point	22,400	100,000	(53,392)	69,008
Daybreak	497			497
Safe Haven	(2,929)			(2,929)
k9 Connection	506,380	104,219	(189,984)	420,615
SAMOSHEL	24,701	268,358	(293,358)	(299)
Swashlock		34,199	(34,199)	
Community				
Empowerment				
Project	250,000	150,000	(250,000)	150,000
Mobile Care Team	300,000	175,000	(276,675)	198,325
Pacific Palisades				
Task Force		223,680	(69,997)	153,683
Malibu Task Force		264,500	472	264,972
General agency	3,150,476	605,527	(1,842,889)	1,913,114
Deferred rent	3,931,818		(90,909)	3,840,909
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u><u>\$ 11,839,142</u></u>	<u><u>\$ 3,915,929</u></u>	<u><u>\$ (3,911,442)</u></u>	<u><u>\$ 11,843,629</u></u>

Ocean Park Community Center
Notes to Financial Statements—Continued

Note 13—Temporarily Restricted Net Assets—Continued

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, 2016, the balance in the Sojourn Trust was \$1,671,327. Included within the general agency temporarily restricted net asset balance are amounts pledged in connection with the 50th anniversary campaign amounting to approximately \$1.4 million. These amounts are unrestricted in nature and the vast majority of these funds are expected to be received during the following fiscal year.

Note 14—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 VOYA. 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, 2016.

Note 15—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, 2015 had a face value of \$4,175,000, and a discounted value of \$2,218,613. There were no new planned giving pledges received by OPCC during the year ended June 30, 2016. 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 16—Merger with LAMP Community

As part of the merger process, OPCC incurred \$80,350 in expenses with respect to consulting fees and other costs. These expenses are included in the statement of functional expenses under the "consultants" and "other" expense line items as part of the management and general functional category of expenses.

Additionally, OPCC and LAMP Community shared revenues and expenses for a variety of activities including fundraising activities and staffing needs and at June 30, 2016, the resulting net amount due to OPCC from LAMP Community totaled \$69,453.

Ocean Park Community Center
Notes to Financial Statements—Continued

Note 17—Subsequent Events

OPCC bought a building in February 2017 for a total purchase price of \$5,850,000. Of the total purchase price, \$2,000,000 was financed by a 5% simple interest loan from a board member with a term of 18 months, to be repaid from fundraising activities and \$3,580,000 was financed with a 90-day variable interest bridge loan.

Subsequent events were evaluated by management through March 15, 2017, which is the date the financial statements were available to be issued, and it was concluded that no additional subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.

Ocean Park Community Center
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Department/ Federal Program Title/ Pass-Through Agency	Federal CFDA Number	Grantor's Number	Grant Amount	Grant Period	Expenditures
Department of Housing and Urban Development					
Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants					
Passed through Los Angeles Housing and Community Investment Department					
	14.218	126348	\$ 93,409	07/01/15-06/30/16	\$ 93,409
	14.218	108244	20,000	07/01/15-06/30/16	18,180
	14.218	C-100304	650,000	08/09/00-08/08/20	213,958 *
Total Entitlement Grants Cluster, CFDA Nos. 14.218 and 14.225					325,547
Emergency Solutions Grant Program					
Passed through County of Los Angeles Homeless Services Authority					
	14.231	2015CNESG03	140,750	07/01/15-06/30/16	140,750
Total CFDA 14.231					140,750
Home Investment Partnerships Program					
Passed through City of Santa Monica					
	14.239	HHTF	800,000	09/30/03-09/29/58	1,678,217 **
Total CFDA 14.239					1,678,217
Continuum of Care Program					
Direct Award					
	14.267	CA0516L9D001407	311,765	07/01/15-06/30/16	311,765
	14.267	CA0460L9D001407	108,838	07/01/15-06/30/16	108,838
Passed through Los Angeles Homeless Services Authority/ City of Santa Monica					
	14.267	CA0361L9D001407	112,958	11/01/15-10/31/16	62,870
	14.267	CA0361L9D001306	112,958	11/01/14-10/31/15	36,589
Passed through Los Angeles Homeless Services Authority					
	14.267	CA0527L9D001407	584,327	07/01/15-06/30/16	521,143
	14.267	CA0423L9D001306	64,867	11/01/14-10/31/15	21,693
	14.267	CA0531L9D001407	67,955	09/01/15-08/31/16	56,543
	14.267	CA0531L9D001306	67,955	09/01/14-08/30/15	10,747
	14.267	CA0423L9D001407	64,867	11/01/15-10/31/16	36,348
Total CFDA 14.267					1,166,536
Total Department of Housing and Urban Development					3,311,050

Ocean Park Community Center
Schedule of Expenditures of Federal Awards—Continued
Year Ended June 30, 2016

Federal Department/ Federal Program Title/ Pass-Through Agency	Federal CFDA Number	Grantor's Number	Grant Amount	Grant Period	Expenditures
Department of Justice					
Crime Victim Assistance Passed through State of California Office of Emergency Services	16.575	DV15-30-1197	\$ 275,277	07/01/15-06/30/16	\$ 275,277
				Total CFDA 16.575	275,277
				Total Department of Justice	275,277
Department of Veterans Affairs					
VA Homeless Providers Grant and Per Diem Program Direct Award	64.024	VA 262-13-D-0138	1,111,596	09/30/13-09/30/16	390,374
				Total CFDA 64.024	390,374
Supportive Services for Veteran Families Program Passed through New Directions, Inc.	64.033	VA-SSVF-1 0-014	49,275	07/01/15-06/30/18	53,796
				Total CFDA 64.033	53,796
				Total Department of Veterans Affairs	444,170
Department of Health and Human Services					
Projects for Assistance in Transition from Homelessness (PATH) Passed through County of Los Angeles Department of Mental Health	93.150	MH121213	110,968	07/01/15-06/30/16	110,868
				Total CFDA 93.150	110,868
Substance Abuse and Mental Health Services - Projects of Regional and National Significance Passed through Substance Abuse and Mental Health Services Administration	93.243	5H79SM059192-05	2,000,000	09/30/10-06/30/16	350,471
	93.243	1H79SM062292-01	1,600,000	09/30/15-09/29/19	119,274
				Total CFDA 93.243	469,745
				Total Department of Health and Human Services	580,613

Ocean Park Community Center
Schedule of Expenditures of Federal Awards—Continued
Year Ended June 30, 2016

Federal Department/ Federal Program Title/ Pass-Through Agency	Federal CFDA Number	Grantor's Number	Grant Amount	Grant Period	Expenditures
Corporation for National and Community Service					
Social Innovation Fund					
Passed through Corporation for Supportive Housing/ Economic Roundtable					
	94.019	15-092-G	\$ 67,805	07/01/15-06/30/16	\$ 67,805
Total CFDA 94.019					67,805
Total Corporation for National and Community Service					67,805
Department of Homeland Security					
Emergency Food and Shelter National Board Program					
Passed through Federal Emergency Management Agency (FEMA)					
	97.024	PHASE 33-0695-00-041	36,156	07/01/15-12/31/16	36,156
Total CFDA 97.024					36,156
Total Department of Homeland Security					36,156
Total Federal Awards					<u>\$ 4,715,071</u>

* This amount is the outstanding loan balance at June 30, 2016. The loan will be repaid over a 20-year period based on per-day direct services and housing provided for victims of domestic violence in the Los Angeles area who occupy the Project's transitional housing beds.

** This amount is the outstanding loan balance and accrued interest at June 30, 2016. The principle and accrued interest are forgivable at the end of a 55-year period based on social services rendered to the City of Santa Monica, commencing when the purchased/renovated property was placed in service in 2003.

See notes to Schedule of Expenditures of Federal Awards.

Ocean Park Community Center
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Note A—Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Ocean Park Community Center (OPCC) under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of OPCC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of OPCC. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B—Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. OPCC has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. Any negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Ocean Park Community Center
 Supplementary Information Required by California Governor's Office of Emergency Services
 Year Ended June 30, 2016

Project Title Sojourn Services For Battered Women And Their Children
 Grant award number DV15-30-1197
 Grant period 07/01/15-06/30/16

	<u>Expenditures by Revenue Source</u>				<u>Total Expenditures</u>
	<u>Budget</u>	<u>Federal VOCA</u>	<u>State DVPO</u>	<u>Cash Match</u>	
Personal services	\$ 405,130	\$ 265,503	\$ 148,411	\$ 20,002	\$ 433,916
Operating expenses	24,200	9,774	51,578		61,352
Totals	<u>\$ 429,330</u>	<u>\$ 275,277</u>	<u>\$ 199,989</u>	<u>\$ 20,002</u>	<u>\$ 495,268</u>

**Ocean Park Community Center
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016**

There were no prior year audit findings.

Certified Public Accountants

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Ocean Park Community Center
Santa Monica, California

We have audited 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, the financial statements of Ocean Park Community Center (OPCC), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered OPCC's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OPCC's internal control. Accordingly, we do not express an opinion on the effectiveness of OPCC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

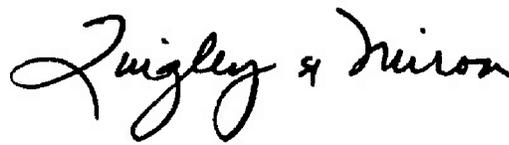
Compliance and Other Matters

As part of obtaining reasonable assurance about whether OPCC’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of OPCC’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OPCC’s internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Los Angeles, California
March 15, 2017



Certified Public Accountants

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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Directors
Ocean Park Community Center
Santa Monica, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of Ocean Park Community Center (OPCC) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2016. OPCC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of OPCC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about OPCC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of OPCC's compliance.

Opinion on Each Major Federal Program

In our opinion, OPCC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal award programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

OPCC's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered OPCC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of OPCC's internal control over compliance.

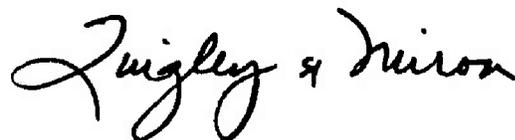
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance, and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Los Angeles, California
March 15, 2017



**Ocean Park Community Center
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Ocean Park Community Center were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No material weaknesses or significant deficiencies relating to internal control over financial reporting were identified during the audit.
3. No instances of noncompliance material to the financial statements of Ocean Park Community Center were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to internal control over major programs were identified during the audit.
5. The auditor's report on compliance for the major federal award programs of Ocean Park Community Center expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* section 200.516(a).
7. The programs tested as major programs were: the Department of Justice, Crime Victim Assistance, CFDA No. 16.575; and the Department of Housing and Urban Development, Continuum of Care Program, CFDA No. 14.267.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Ocean Park Community Center was determined to be a low-risk auditee.

B. Findings—Financial Statements Audit

None

C. Findings and Questioned Costs—Major Federal Award Program

None

**Ocean Park Community Center
Corrective Active Plan
June 30, 2016**

As there were no audit findings or questioned costs for the year ended June 30, 2016, a corrective action plan is not required.