

**THE PEOPLE CONCERN**  
COMBINED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The People Concern

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

We have audited the accompanying combined financial statements of The People Concern (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2018, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of The People Concern as of June 30, 2018, 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.

### **Emphasis-of-Matter**

As discussed in Note 11, beginning unrestricted net assets have been restated for the retrospective application of a change in accounting method. Our opinion is not modified with respect to this matter.

To the Board of Directors  
The People Concern

**Other Matters - Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. The combining statement of financial position at June 30, 2018 and the combining statement of activities for the year then ended are presented for purposes of additional analysis of the combined financial statements and are not a required part of the basic 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 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 our report dated February 12, 2019, on our consideration of The People Concern's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The People Concern's internal control over financial reporting and compliance.

*Green Hasson & Janks LLP*

February 12, 2019  
Los Angeles, California

# THE PEOPLE CONCERN

## COMBINED STATEMENT OF FINANCIAL POSITION

June 30, 2018

### ASSETS

Cash and Cash Equivalents	\$	340,584
Restricted Cash - Held for Clients		393,319
Investments		3,723,650
Accounts and Other Receivables (Net)		7,206,295
Pledges Receivable (Net)		1,832,617
Prepaid Expenses and Other Assets		879,300
Deferred Rent		3,659,091
Property and Equipment (Net)		<u>20,826,445</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>38,861,301</u></b>

### LIABILITIES AND NET ASSETS

<b>LIABILITIES:</b>		
Accounts Payable	\$	1,023,022
Accrued Liabilities		1,964,132
Funds Held on Behalf of Clients		393,319
Line of Credit		600,000
Contract Advances		1,678,854
Contract Reserves		986,614
Notes Payable		<u>11,985,461</u>
<b>TOTAL LIABILITIES</b>		18,631,402
<b>NET ASSETS:</b>		
<b>Unrestricted:</b>		
Undesignated	\$	8,128,430
Board Designated		<u>735,808</u>
<b>TOTAL UNRESTRICTED NET ASSETS</b>		8,864,238
Temporarily Restricted		<u>11,365,661</u>
<b>TOTAL NET ASSETS</b>		<u>20,229,899</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>38,861,301</u></b>

The Accompanying Notes are an Integral Part of These Combined Financial Statements

# THE PEOPLE CONCERN

## COMBINED STATEMENT OF ACTIVITIES Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT:</b>			
Government Grants and Contracts	\$ 28,527,508	\$ -	\$ 28,527,508
Contributions	3,234,617	4,420,733	7,655,350
Special Events (Net of Direct Donor Benefit Expenses of \$110,754)	860,464	-	860,464
Contributions In-Kind	657,597	-	657,597
Investment Income (Net)	132,406	131,264	263,670
Rental and Other Income	1,048,044	-	1,048,044
Net Assets Released from Purpose Restrictions	4,203,849	(4,203,849)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>38,664,485</b>	<b>348,148</b>	<b>39,012,633</b>
<b>EXPENSES:</b>			
Program Services	33,837,059	-	33,837,059
Management and General	2,682,455	-	2,682,455
Fundraising	1,304,960	-	1,304,960
<b>TOTAL EXPENSES</b>	<b>37,824,474</b>	<b>-</b>	<b>37,824,474</b>
<b>CHANGE IN NET ASSETS</b>	<b>840,011</b>	<b>348,148</b>	<b>1,188,159</b>
Net Assets - Beginning of Year - As Restated	8,024,227	11,017,513	19,041,740
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 8,864,238</b>	<b>\$ 11,365,661</b>	<b>\$ 20,229,899</b>

The Accompanying Notes are an Integral Part of These Combined Financial Statements

## THE PEOPLE CONCERN

### COMBINED STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 14,614,069	\$ 1,039,297	\$ 730,849	\$ 16,384,215
Payroll Taxes and Employee Benefits	4,022,403	177,324	141,824	4,341,551
<b>TOTAL PERSONNEL COST</b>	18,636,472	1,216,621	872,673	20,725,766
Subcontractor Expenses	3,391,293	-	-	3,391,293
Direct Program Services	3,169,406	-	-	3,169,406
Professional Services	1,375,223	657,884	91,454	2,124,561
Rent	1,818,464	-	-	1,818,464
Utilities	977,710	42,736	16,178	1,036,624
Security	750,944	52,616	1,703	805,263
Depreciation	678,371	38,540	27,068	743,979
Repairs and Maintenance	693,453	15,134	10,629	719,216
Furniture and Equipment	558,571	59,304	60,798	678,673
Mileage and Parking	510,297	30,920	7,670	548,887
Office Expenses	364,483	108,972	63,645	537,100
Meetings and Conferences	258,410	42,429	43,119	343,958
Mortgage Interest	229,147	99,060	10,523	338,730
Insurance	243,857	15,597	3,595	263,049
Bad Debt Expense	-	142,256	-	142,256
Licenses and Fees	70,267	57,417	2,123	129,807
Fundraising and Events	-	-	89,596	89,596
Bank Fees	-	78,531	-	78,531
Miscellaneous Expenses	53,502	20,601	2,616	76,719
Advertising	42,159	1,965	1,380	45,504
Travel	15,030	1,872	190	17,092
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 33,837,059</u>	<u>\$ 2,682,455</u>	<u>\$ 1,304,960</u>	<u>\$ 37,824,474</u>
	90%	7%	3%	100%

The Accompanying Notes are an Integral Part of These Combined Financial Statements

# THE PEOPLE CONCERN

## COMBINED STATEMENT OF CASH FLOWS Year Ended June 30, 2018

### **CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$ 1,188,159
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:	
Depreciation	743,979
Realized and Unrealized Gains on Investments	(181,458)
Forgiveness of Notes Payable	(53,895)
Amortization of Deferred Rent	90,909
Donated Stock	(782,393)
(Increase) Decrease in:	
Accounts and Other Receivables	(3,902,317)
Pledges Receivable	(658,907)
Prepaid Expenses and Other Assets	(419,616)
Increase (Decrease) in:	
Accounts Payable	(174,683)
Accrued Liabilities	614,427
Funds Held on Behalf of Clients	(33,733)
Contract Advances	1,400,968
Contract Reserves	235,172

***NET CASH USED IN OPERATING ACTIVITIES*** (1,933,388)

### **CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of Property and Equipment	(592,762)
Interest and Dividends Reinvested (Net)	(20,661)
Purchase of Investments	(914,953)
Proceeds on Sale of Investments	937,532

***NET CASH USED IN INVESTING ACTIVITIES*** (590,844)

### **CASH FLOWS FROM FINANCING ACTIVITIES:**

Net Borrowings and Repayments on Line of Credit	600,000
Borrowings on Notes Payable	5,500,000
Payments on Notes Payable	(5,264,635)

***NET CASH PROVIDED BY FINANCING ACTIVITIES*** 835,365

***NET DECREASE IN CASH AND CASH EQUIVALENTS*** (1,688,867)

Cash and Cash Equivalents - Beginning of Year 2,029,451

***CASH AND CASH EQUIVALENTS - END OF YEAR*** \$ 340,584

### **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash Paid During the Year for Interest \$ 338,730

The Accompanying Notes are an Integral Part of These Combined Financial Statements



# THE PEOPLE CONCERN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 1 - NATURE OF ORGANIZATION

One of Los Angeles County's largest social services agencies, The People Concern was formed in 2016 in a merger of two trusted social service organizations based in Los Angeles County, Ocean Park Community Center (OPCC) and LAMP, Inc. dba Lamp Community (Lamp). Informed by more than fifty years of work in the community, The People Concern is a leading provider of, and advocate for, evidence-based solutions to the multi-faceted challenges inherent in homelessness and domestic violence.

The People Concern provides a fully integrated system of care - including outreach, interim housing, mental and medical health care, substance abuse services, domestic violence services, lifeskills and wellness programs, and permanent supportive housing - tailored to the unique needs of homeless individuals, survivors of domestic violence, challenged youth, and others who have nowhere else to turn.

The merger was formally approved by the California Secretary of State on January 25, 2019.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) BASIS OF PRESENTATION

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

#### (b) PRINCIPLES OF COMBINATION

The combined financial statements include the accounts of OPCC and Lamp (collectively The People Concern). All inter-organization balances and transactions have been eliminated on combination.

#### (c) ACCOUNTING

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

- **Unrestricted - Undesignated.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Unrestricted - Board Designated.** The Board of Directors has designated \$735,808 for operating reserves.

# THE PEOPLE CONCERN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

#### (c) ACCOUNTING (continued)

- **Temporarily Restricted.** The People Concern reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. The People Concern has \$11,365,661 of temporarily restricted net assets at June 30, 2018.
- **Permanently Restricted.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit The People Concern to expend all of the income (or other economic benefits) derived from the donated assets. The People Concern has no permanently restricted net assets at June 30, 2018.

#### (d) CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The People Concern considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents at June 30, 2018 approximates its fair value.

The People Concern maintains separate cash accounts for certain of its participants who receive pension and social security payments, as well as cash from other sources. Participant funds that have been set aside in restricted trust bank accounts at June 30, 2018 amounted to \$393,319.

#### (e) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of these investments is determined based on the closing price on the last business day of the fiscal year.

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the combined statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the combined statement of financial position.

# THE PEOPLE CONCERN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

#### (f) ACCOUNTS AND OTHER RECEIVABLES

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts represents their estimated fair value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2018, the allowance for uncollectible receivables was \$47,550.

#### (g) CONCENTRATIONS

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

The accounts and other receivables balance outstanding at June 30, 2018 consists primarily of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of The People Concern's receivables consist of earned fees from contract programs granted by governmental agencies.

During the year ended June 30, 2018, The People Concern earned \$12,389,744 (32% of total revenue and support) under intensive case management programs administered by the Los Angeles County Department of Health Services. The People Concern also earned \$7,463,487 (19% of total revenue and support) under homeless services programs administered by the Los Angeles Homeless Services Authority (passed through the U.S. Department of Housing and Urban Development) and \$4,065,388 (10% of total revenue and support) under mental health services administered by the Los Angeles County Department of Mental Health. The People Concern anticipates that it will continue to run these programs. There can be no assurance that The People Concern will be able to obtain future grant agreements upon the expiration of the current term of the contracts.

#### (h) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues in the period received. The People Concern reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met.

**THE PEOPLE CONCERN**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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

**(i) DEFERRED RENT**

In September 2003, The People Concern entered into a 55-year lease with the City of Santa Monica to lease the Cloverfield Services Center. Under the terms of the lease, annual rent of \$1 is due for the 55-year term of the lease. The City of Santa Monica purchased the building, at a cost of \$5,000,000 with the specific intent to lease it to The People Concern under this arrangement. Accordingly, the below-market lease was recorded as a deferred rent asset with a corresponding temporarily restricted contribution recognized. The deferred rent asset is being amortized over the period of the lease, and amortization expense for the year ended June 30, 2018 was \$90,909.

**(j) PROPERTY AND EQUIPMENT**

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

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

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

**(k) LONG-LIVED ASSETS**

The People Concern reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flow is less than the carrying amount of the assets, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2018.

**(l) CONTRACT ADVANCES**

During the year ended June 30, 2018, The People Concern received cash flow advances of \$1,443,254 from the Los Angeles Homeless Services Authority (LAHSA) and \$235,600 from the Department of Health Services (DHS). Included in accounts and other receivables at June 30, 2018 is approximately \$2,145,000 due from LAHSA and approximately \$3,350,000 due from DHS.

# THE PEOPLE CONCERN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

#### **(m) CONTRACT RESERVES**

Contract reserves at June 30, 2018, amounting to \$986,614, are comprised of \$1,063,058 in estimated amounts due to the Los Angeles County Department of Mental Health for contract years ranging from 2006-2007 through 2016-2017, net of \$76,444 in estimated amounts due from the Los Angeles County Department of Mental Health for contract year 2017-2018.

#### **(n) CONTRIBUTED GOODS AND SERVICES**

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed goods and services were valued at \$114,259 for the year ended June 30, 2018. Contributed facility usage was valued at \$543,338 for the year ended June 30, 2018.

A substantial number of volunteers have donated significant amounts of their time to The People Concern. Some of the services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

#### **(o) INCOME TAXES**

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

#### **(p) ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS**

The People Concern has adopted the fair value standard that clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Further, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Financial Accounting Standards Board (FASB) ASC 820 establishes a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

For cash, accounts receivable, pledges receivable, accounts payable and accrued liabilities, the carrying amounts represent a reasonable estimate of fair values due to their short-term maturity. Investments are reflected at estimated fair value as described in Note 3. The carrying value of notes payable approximates its fair value at June 30, 2018.

# THE PEOPLE CONCERN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

#### (q) FUNCTIONAL ALLOCATION OF EXPENSES

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

#### (r) USE OF ESTIMATES

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

#### (s) NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For The People Concern, the ASU and subsequent amendments will be effective for the year ending June 30, 2020.

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

# THE PEOPLE CONCERN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* which is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the cash flow statement. The ASU requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. For The People Concern, the ASU will be effective for the year ending June 30, 2020.

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. For The People Concern, the ASU will be effective for the year ending June 30, 2020.

#### (t) SUBSEQUENT EVENTS

The People Concern has evaluated events and transactions occurring subsequent to the combined statement of financial position date of June 30, 2018 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through February 12, 2019, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred except as described in Note 1 and Note 7.

### NOTE 3 - INVESTMENTS

The following table presents information about The People Concern's investments that are measured at fair value on a recurring basis at June 30, 2018 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	\$ 1,562,017	\$ 1,562,017	\$ -	\$ -
Mutual Fund	988,634	988,634	-	-
Exchange Traded Funds	685,176	685,176	-	-
Corporate Funds	356,194	-	356,194	-
U.S. Treasuries	131,629	-	131,629	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 3,723,650</b>	<b>\$ 3,235,827</b>	<b>\$ 487,823</b>	<b>\$ -</b>

# THE PEOPLE CONCERN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 3 - INVESTMENTS (continued)

The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The People Concern recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and Level 2 generally relate to whether a market becomes active or inactive. Transfers between Level 2 and Level 3 relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels during the year ended June 30, 2018.

Investments at June 30, 2018 include funds held in trust of \$1,809,139 restricted for use by The People Concern's Sojourn program.

### NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2018 are expected to be collected as follows:

Within One Year	\$ 1,200,015
In One to Five Years	<u>675,500</u>
<b>TOTAL</b>	1,875,515
Less: Allowance for Doubtful Pledges	<u>(42,898)</u>
<b>PLEDGES RECEIVABLE (NET)</b>	<u>\$ 1,832,617</u>

### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2018:

Land	\$ 4,257,193
Buildings and Improvements	10,626,598
Equipment	1,225,225
Leasehold Improvements	<u>15,011,850</u>
<b>TOTAL</b>	31,120,866
Less: Accumulated Depreciation	<u>(10,294,421)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	<u>\$ 20,826,445</u>

Depreciation expense for the year ended June 30, 2018 was \$743,979.

### NOTE 6 - LINE OF CREDIT

The People Concern has a revolving bank line of credit with a facility of \$2,000,000 (secured by all real and personal property) through October 2022. The line of credit bears interest at the bank's prime rate plus 0% with a floor rate of 4.0%. The bank's prime rate at June 30, 2018 was 5.0%. At June 30, 2018 there was \$600,000 outstanding on the line of credit. The line of credit contains various covenants, including a minimum debt service coverage ratio and a minimum liquidity requirement.



# THE PEOPLE CONCERN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 7 - NOTES PAYABLE

Notes payable consists of the following at June 30, 2018:

#### NOTES PAYABLE - GOVERNMENT AGENCIES:

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

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

Note payable to City of Santa Monica in the original principal amount of \$1,200,000, entered into in September 2003, collateralized by the Cloverfield Services Center in Santa Monica, with principal and interest at 5.98% due in annual installments from residual receipts (as defined in the loan agreement) from the Center as long as the Center is used to provide congregate housing and emergency shelter for very low income persons. The loan is forgivable at the end of the 55-year term. 1,200,000

Non-interest bearing note payable to City of Santa Monica as successor to the Redevelopment Agency of the City of Santa Monica in the original principal amount of \$1,197,112, entered into in September 2003, collateralized by the Cloverfield Services Center in Santa Monica. The note is forgivable annually over the 55-year term provided the Center is used to provide congregate housing and emergency shelter for very low income persons. 888,044

Non-interest bearing note payable to City of Los Angeles in the original principal amount of \$650,000, entered into in August 2000, collateralized by the Sojourn property. Principal repayment in the form of services to victims of domestic violence at a rate of \$32,500 per annum over the 20-year term. 148,958

**TOTAL NOTES PAYABLE - GOVERNMENT AGENCIES** \$ 4,237,002

# THE PEOPLE CONCERN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 7 - NOTES PAYABLE (continued)

It is not anticipated that The People Concern will have any residual receipts on the operations of Lamp Lodge or the Village that will activate the requirement to make cash payments on the two loans from CDHCD, nor is it anticipated that The People Concern will have any residual receipts on the operations of the Cloverfield Services Center that will activate the requirement to make cash payments on the loan from the City of Santa Monica. It is also anticipated that, for the foreseeable future, the Village will continue to operate as an emergency shelter, transitional housing facility or safe haven and that the Cloverfield Services Center will continue to provide congregate housing and emergency shelter for very low income persons. It is anticipated that Lamp Lodge LP will assume liability of the Lamp Lodge loan [refer to Note 10(a)]. Contingent interest on the notes payable to CDHCD amounted to \$921,100 at June 30, 2018. Contingent interest on the note payable to the City of Santa Monica amounted to \$1,539,621 at June 30, 2018.

#### NOTES PAYABLE - BANKS AND OTHER:

Note payable to a bank in the original principal amount of \$5,500,000, secured by a deed of trust over properties in Santa Monica and Los Angeles. The note bears interest at a fixed rate of 3.95% per annum and matures in October 2047 with monthly principal and interest payments of \$26,227. The note contains various covenants, including a minimum debt service coverage ratio and a minimum liquidity requirement.	\$ 5,424,355
Note payable to a bank in the original principal amount of \$344,000, secured by a deed of trust over the Sojourn property. The note bears interest at a fixed rate of 4.7% per annum until January 2022 when the rate changes to an adjustable rate base on LIBOR plus 2.25% with an interest rate floor of 2.7% and an interest rate ceiling of 9.95%. The note matures in January 2045 with monthly principal and interest payments of \$1,784.	324,104
Note payable to a related party in the original principal amount of \$2,000,000. The note bears interest at a fixed rate of 5% per annum and is secured by a deed of trust over property in Los Angeles. The note was repaid in full in December 2018.	<u>2,000,000</u>
<b><i>TOTAL NOTES PAYABLE - BANKS AND OTHER</i></b>	<u>7,748,459</u>
<b><i>TOTAL NOTES PAYABLE</i></b>	<u>\$ 11,985,461</u>

Future maturities of notes payable are as follows:

#### Year Ended June 30

2019	\$	2,168,190
2020		163,601
2021		2,168,707
2022		174,515
2023		166,906
Thereafter		<u>7,143,542</u>
<b><i>TOTAL</i></b>	<b><i>\$</i></b>	<b><u><u>11,985,461</u></u></b>

Interest expense on notes payable - government and other for the year ended June 30, 2018 was \$338,730.

# THE PEOPLE CONCERN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 8 - EMPLOYEE BENEFIT PLANS

The People Concern currently offers two retirement plans for its employees as noted below:

Lamp has established a profit sharing plan for its full time employees. The plan provides for annual contributions to be made at the discretion of the Board of Directors. Lamp made no contributions to this plan, and was working to close it out during the year ended June 30, 2018. Since November 2010, Lamp has also had a 403(b) tax-sheltered annuity plan. This plan covers all employees who normally work less than 20 hours a week and have one year of service. Lamp contributes 100% of eligible employee contributions up to 2.5% of compensation. There were no employer contributions made to the plan during the year ended June 30, 2018.

OPCC offers its employees the opportunity to participate in a 403(b) retirement 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, 2018.

The People Concern is waiting on the official merger approval from the State of California in order to consolidate payroll activities and to shift to a single retirement plan. The merger is expected to be approved during the year ended June 30, 2019.

### NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 are restricted for the following purposes:

Sojourn	\$ 4,902,796
Deferred Rent	3,659,091
Hospital Program	871,119
Permanent Supportive Housing	606,175
Time Restricted	524,727
K9 Connection	263,042
Other Programs	161,189
Capital	136,102
Malibu	114,891
Pacific Palisades Task Force	36,374
Vehicle	35,000
Fine Arts	30,155
Samoshel	25,000
	<hr/>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$ 11,365,661</b>

# THE PEOPLE CONCERN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 10 - COMMITMENTS AND CONTINGENCIES

#### (a) OPERATING LEASES

The People Concern has an operating lease with the City of Los Angeles for property located in Los Angeles. The lease term is through December 31, 2028. There are no monthly lease payments, provided Lamp continues to provide housing and social services to the homeless community of Los Angeles and perform certain prescribed maintenance, repairs and upgrades to the premises.

The People Concern leased certain property located in Los Angeles (Lamp Lodge) from the City of Los Angeles Housing Department (City) as successor to the Community Redevelopment Agency of the City of Los Angeles. The term of the lease, which was entered into in April 1990, is 55 years, with an option to extend for 44 years. On October 4, 2017, the City approved the transfer of the lease to Lamp Lodge LP, a California limited partnership that was established to lease, maintain, operate, redevelop, finance and construct approximately 75-80 units of affordable housing. The People Concern is the managing partner of Lamp Lodge LP with a 0.0049% interest in the partnership and a responsibility to provide all social services for the tenants of Lamp Lodge.

The People Concern also leases certain supportive housing units and equipment under month-to-month operating leases.

The People Concern rents sixteen facilities and equipment under operating lease agreements expiring at various dates through December 2038. Future minimum commitments under existing non-cancellable leases as of June 30, 2018 are as follows:

#### Years Ending June 30

2019	\$ 1,341,336
2020	1,572,218
2021	1,596,757
2022	1,335,831
2023	991,064
Thereafter	<u>5,049,668</u>
<b>TOTAL</b>	<b><u>\$ 11,886,874</u></b>

Rent expense under operating leases for the year ended June 30, 2018 was \$1,818,464.

#### (b) LEGAL PROCEEDINGS

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

**THE PEOPLE CONCERN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)**

**(c) CONTRACTS**

The People Concern's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and accordingly no provision has been made in these combined financial statements, except as described in Note 2 (m).

**NOTE 11 - RESTATEMENT OF BEGINNING NET ASSETS**

In order to align the accounting treatment for forgivable notes payable from government agencies, the forgivable accrued interest of \$1,467,861 on the note payable to the City of Santa Monica (Cloverfield Services Center) at June 30, 2017 is reflected as contingent interest (see Note 7). The adjustment as a result of the change in accounting method was retrospectively applied, resulting in an increase in beginning unrestricted net assets of \$1,467,861.

**THE PEOPLE CONCERN**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2018

**THE PEOPLE CONCERN**

**COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2018

Federal Grantor/Passed Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Number	Governmental Revenue Federal	Program Expenditures from Governmental Grants
<b>FEDERAL AWARDS</b>				
<b>U.S. Department of Housing and Urban Development:</b>				
Direct Award				
Continuum of Care Program	14.267	CA0460L9DOO1609	\$ 108,838	\$ 108,838
Home Investment Partnerships Program (a)(b)	14.239		800,000	800,000
Pass-through Housing and Community Investment Department- City of Los Angeles Community Development Block Grant	14.218	C-100304	86,961	86,961
Pass-through Housing Authority of the City of Los Angeles Continuum of Care Program	14.267	CA0859L9D1602	10,260	10,260
Continuum of Care Program	14.267	CA0920L9D1607	22,852	22,852
Pass-through Housing Authority of the County of Los Angeles Continuum of Care Program	14.267	CA1344L9D001501	11,884	11,884
Continuum of Care Program	14.267	CA1502L9D001500	25,494	25,494
Pass-through Los Angeles Community Development Commission Community Development Block Grant	14.218	108453	18,885	18,885
Pass-through Los Angeles Homeless Services Authority Continuum of Care Program	14.267	CA0527L9D001609	584,327	584,327
Emergency Solutions Grant	14.231	2017CNESG03	135,220	135,220
Pass-through, Los Angeles Homeless Services Authority, Continuum of Care Program - Lodge SHP	14.267	CA0409L9D001508/	291,927	291,927
Pass-through, Housing Authority of the City of Los Angeles Continuum of Care Program - Lodge Vouchers	14.267	CA0407L9D001508/	128,907	128,907
Continuum of Care Program - Scattered Sites	14.267	CA0408L9D001508/	6,731	6,731
Pass-through, City of Los Angeles, Housing Opportunities for Persons with AIDS Emergency Transitional Housing and Supportive Services (a)	14.241	c129610	513,042	513,042
<b>Total U.S. Department of Housing and Urban Development</b>			<b>2,745,328</b>	<b>2,745,328</b>

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**THE PEOPLE CONCERN**

**COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2018

	Federal CFDA Number	Contract Number	Governmental Revenue Federal	Program Expenditures from Governmental Grants
<b>FEDERAL AWARDS</b>				
Federal Grantor/Passed Through Grantor/Program or Cluster Title				
<b>U.S. Department of Homeland Security:</b>				
Pass-through, United Way, Emergency Food and Shelter National Board Program				
Emergency Food and Shelter Program	97.024	Phase 34	\$ 2,398	\$ 2,398
Emergency Food and Shelter Program	97.024	Phase 35	12,388	12,388
Pass-through, United Way, Emergency Food and Shelter National Board Program	97.024	069500-145	<u>31,228</u>	<u>31,228</u>
<b>Total U.S. Department of Homeland Security</b>			46,014	46,014
<b>U.S. Department of Health and Human Services:</b>				
Direct Award				
Services in Supportive Housing	93.243	1H79SM062292-01	404,485	404,485
Pass-through Los Angeles County Department of Mental Health				
Projects for Assistance in Transition from Homelessness	93.150	MH121282	<u>565,195</u>	<u>565,195</u>
<b>Total U.S. Department of Health and Human Services</b>			969,680	969,680
<b>U.S. Department of Justice:</b>				
Pass-through California Emergency Management Agency/ VOCA				
Domestic Violence Assistance Program/ VOCA	16.575	DV16311197	311,759	311,759
LA County DA-California Emergency Management Agency/ VOCA				
County Victim Services (XC) Program/ VOCA	16.575	DV16311197	<u>94,272</u>	<u>94,272</u>
<b>Total U.S. Department of Justice</b>			<u>406,031</u>	<u>406,031</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 4,167,052</u>	<u>\$ 4,167,052</u>

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**THE PEOPLE CONCERN**

**COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2018

Federal CFDA Number	Contract Number	Governmental Revenue Federal	Program Expenditures from Governmental Grants
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**Notes to the Combined Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2018**

**1. Basis of Presentation**

The accompanying Combined Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of The People Concern under programs of the Federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The People Concern, it is not intended to and does not present the combined financial position, changes in net assets, or cash flows of The People

**2. Summary of Significant Accounting Policies**

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

**3. Indirect Cost Rate**

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

**4. Awards to Subrecipients**

The People Concern has not provided any Federal awards to subrecipients from the Federal expenditures presented in the Schedule.

- (a) Audited as a major program.
- (b) Federal loan program.

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# THE PEOPLE CONCERN

## COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2018

<b>ASSETS</b>	Lamp	OPCC	Inter-entity Eliminations	Total
Cash and Cash Equivalents	\$ 38,648	\$ 301,936	\$ -	\$ 340,584
Restricted Cash - Held for Clients	328,399	64,920	-	393,319
Investments	-	3,723,650	-	3,723,650
Accounts and Other Receivables	4,471,999	2,734,296	-	7,206,295
Pledges Receivable	-	1,832,617	-	1,832,617
Prepaid Expenses and Other Assets	370,620	508,680	-	879,300
Deferred Rent	-	3,659,091	-	3,659,091
Due from OPCC	234,912	-	(234,912)	-
Property and Equipment (Net)	4,426,720	16,399,725	-	20,826,445
<b>TOTAL ASSETS</b>	<b>\$ 9,871,298</b>	<b>\$ 29,224,915</b>	<b>\$ (234,912)</b>	<b>\$ 38,861,301</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 691,822	\$ 331,200	\$ -	\$ 1,023,022
Accrued Liabilities	932,834	1,031,298	-	1,964,132
Due to Lamp, Inc.	-	234,912	(234,912)	-
Funds Held on Behalf of Clients	328,399	64,920	-	393,319
Line of Credit	-	600,000	-	600,000
Contract Advances	1,618,298	60,556	-	1,678,854
Contract Reserves	751,442	235,172	-	986,614
Notes Payable	2,000,000	9,985,461	-	11,985,461
<b>TOTAL LIABILITIES</b>	<b>6,322,795</b>	<b>12,543,519</b>	<b>(234,912)</b>	<b>18,631,402</b>
<b>NET ASSETS:</b>				
<b>Unrestricted:</b>				
Undesignated	3,449,069	4,679,361	-	8,128,430
Board Designated	-	735,808	-	735,808
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>3,449,069</b>	<b>5,415,169</b>	<b>-</b>	<b>8,864,238</b>
Temporarily Restricted	99,434	11,266,227	-	11,365,661
<b>TOTAL NET ASSETS</b>	<b>3,548,503</b>	<b>16,681,396</b>	<b>-</b>	<b>20,229,899</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,871,298</b>	<b>\$ 29,224,915</b>	<b>\$ (234,912)</b>	<b>\$ 38,861,301</b>

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**THE PEOPLE CONCERN**

**COMBINING STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2018

	Lamp	OPCC	Inter-entity Eliminations	Total
<b>REVENUE AND SUPPORT:</b>				
Government Grants and Contracts	\$ 18,669,663	\$ 11,782,289	\$ (1,924,444)	\$ 28,527,508
Contributions	1,266,428	6,388,922	-	7,655,350
Special Events (Net of Direct Donor Benefit Expenses of \$110,754)	-	860,464	-	860,464
Contributions In-Kind	20,295	637,302	-	657,597
Investment Income (Net)	-	263,670	-	263,670
Rental and Other Income	278,131	769,913	-	1,048,044
<b>TOTAL REVENUE AND SUPPORT</b>	<b>20,234,517</b>	<b>20,702,560</b>	<b>(1,924,444)</b>	<b>39,012,633</b>
<b>EXPENSES:</b>				
Program Services	18,900,959	16,834,766	(1,898,666)	33,837,059
Management and General	1,106,667	1,602,855	(27,067)	2,682,455
Fundraising	40,999	1,262,672	1,289	1,304,960
<b>TOTAL EXPENSES</b>	<b>20,048,625</b>	<b>19,700,293</b>	<b>(1,924,444)</b>	<b>37,824,474</b>
<b>CHANGE IN NET ASSETS</b>	<b>185,892</b>	<b>1,002,267</b>	<b>-</b>	<b>1,188,159</b>
Net Assets - Beginning of Year - As Restated	3,362,611	15,679,129	-	19,041,740
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,548,503</b>	<b>\$ 16,681,396</b>	<b>\$ -</b>	<b>\$ 20,229,899</b>

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