

LAMP, INC.
dba LAMP COMMUNITY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

LAMP, INC. dba LAMP COMMUNITY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of LAMP, Inc. dba Lamp Community (a nonprofit organization) (Lamp), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lamp as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Lamp's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Other Matters - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and Nonfederal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2016, on our consideration of Lamp's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lamp's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

February 19, 2016
Los Angeles, California

LAMP, INC. dba LAMP COMMUNITY

STATEMENT OF FINANCIAL POSITION

June 30, 2015

With Summarized Totals at June 30, 2014

	ASSETS	
	<u>2015</u>	<u>2014</u>
Cash and Cash Equivalents	\$ 38,155	\$ 369,631
Restricted Cash - Held for Members	109,278	166,263
Accounts and Other Receivables (Net)	2,575,851	1,007,662
Contributions and Pledges Receivable	175,000	70,000
Prepaid Expenses and Other Assets	175,397	113,377
Property and Equipment (Net)	5,348,656	5,653,619
<i>TOTAL ASSETS</i>	<u>\$ 8,422,337</u>	<u>\$ 7,380,552</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 362,495	\$ 574,832
Accrued Liabilities	240,276	168,652
Funds Held on Behalf of Members	109,278	166,263
Refundable Advances	853,825	189,725
Line of Credit	-	376,607
Notes Payable	2,000,000	1,250,000
<i>TOTAL LIABILITIES</i>	3,565,874	2,726,079
NET ASSETS:		
Unrestricted - Undesignated	4,510,840	4,584,473
Temporarily Restricted	345,623	70,000
<i>TOTAL NET ASSETS</i>	<u>4,856,463</u>	<u>4,654,473</u>
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<u>\$ 8,422,337</u>	<u>\$ 7,380,552</u>

The Accompanying Notes are an Integral Part of These Financial Statements

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

Year Ended June 30, 2015

With Summarized Totals For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
REVENUE AND SUPPORT:				
Contracts and Grants	\$ 7,951,589	\$ 797,579	\$ 8,749,168	\$ 5,757,766
Contributions	726,164	552,000	1,278,164	1,408,725
Apartment Rental Income	127,738	-	127,738	130,745
Other Income	4,104	-	4,104	84,378
Special Events	107,623	-	107,623	71,521
In-Kind Contributions	15,820	-	15,820	66,185
Business Revenue	71,632	-	71,632	62,348
Releases from Purpose Restrictions	1,073,956	(1,073,956)	-	-
TOTAL REVENUE AND SUPPORT	10,078,626	275,623	10,354,249	7,581,668
EXPENSES:				
Program Services	8,565,944	-	8,565,944	5,941,133
Fundraising	197,015	-	197,015	302,605
Management and General	1,389,300	-	1,389,300	1,105,148
TOTAL EXPENSES	10,152,259	-	10,152,259	7,348,886
CHANGE IN NET ASSETS	(73,633)	275,623	201,990	232,782
Net Assets - Beginning of Year	4,584,473	70,000	4,654,473	4,421,691
NET ASSETS - END OF YEAR	\$ 4,510,840	\$ 345,623	\$ 4,856,463	\$ 4,654,473

The Accompanying Notes are an Integral Part of These Financial Statements

LAMP, INC. dba LAMP COMMUNITY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2015

With Summarized Totals For the Year Ended June 30, 2014

	Program Services	Support Services		2015 Total	2014 Total
		Fundraising	Management and General		
Salaries and Member Stipends	\$ 4,293,034	\$ 87,138	\$ 604,130	\$ 4,984,302	\$ 3,695,956
Payroll Taxes and Employee Benefits	1,081,658	10,538	151,853	1,244,049	916,258
TOTAL PERSONNEL COSTS	5,374,692	97,676	755,983	6,228,351	4,612,214
Professional Fees and Outside Services	747,109	19,530	417,792	1,184,431	299,432
Security	433,698	-	-	433,698	264,067
Depreciation	283,542	11,895	27,430	322,867	281,069
Rent	297,300	-	-	297,300	84,000
Utilities	261,656	398	1,751	263,805	170,487
Food and Kitchen Supplies	245,939	38	264	246,241	151,463
Member-Related Expenses	186,908	398	12,126	199,432	174,976
Transportation	154,525	1,389	21,704	177,618	108,460
Repairs and Maintenance	151,329	20	4,566	155,915	159,055
Telephone and Internet	78,490	2,671	5,818	86,979	77,299
Miscellaneous	11,694	51,260	19,057	82,011	20,665
Computer Maintenance	74,402	156	6,757	81,315	98,609
Insurance	41,357	428	26,864	68,649	47,937
Equipment, Furniture and Fixtures	51,571	462	5,482	57,515	376,431
Bank and Credit Card Fees	6,941	2,556	44,298	53,795	26,981
Program and Office Supplies	43,754	4,406	4,312	52,472	77,063
Dues and Subscriptions	35,450	3,194	9,308	47,952	44,549
Staff Training and Development	21,992	106	21,788	43,886	60,667
Reimbursable Leasehold Improvements	41,518	-	-	41,518	160,229
Recruitment	7,658	432	2,628	10,718	9,751
Taxes and Licenses	8,517	-	389	8,906	12,270
Shower and Laundry Supplies	5,902	-	-	5,902	2,590
Bad Debt Expense	-	-	983	983	28,622
TOTAL 2015 FUNCTIONAL EXPENSES	\$ 8,565,944	\$ 197,015	\$ 1,389,300	\$ 10,152,259	
	84%	2%	14%	100%	
TOTAL 2014 FUNCTIONAL EXPENSES	\$ 5,941,133	\$ 302,605	\$ 1,105,148		\$ 7,348,886
	81%	4%	15%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

LAMP, INC. dba LAMP COMMUNITY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

With Summarized Totals For the Year Ended June 30, 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 201,990	\$ 232,782
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	322,867	281,069
Bad Debt Expense	983	28,622
(Increase) Decrease in:		
Restricted Cash - Held for Members	56,985	(17,185)
Accounts and Other Receivables	(1,569,172)	(558,390)
Contributions and Pledges Receivable	(105,000)	(11,250)
Prepaid Expenses and Other Assets	(62,020)	(57,050)
Increase (Decrease) in:		
Accounts Payable	(212,337)	425,617
Accrued Liabilities	71,624	15,862
Funds Held on Behalf of Members	(56,985)	17,185
Refundable Advances	664,100	(6,439)
	(686,965)	350,823
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(17,904)	(1,090,783)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Proceeds from (Payments on) Line of Credit	(376,607)	376,607
Proceeds from Notes Payable	1,000,000	250,000
Payments on Notes Payable	(250,000)	-
	373,393	626,607
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(331,476)	(113,353)
Cash and Cash Equivalents - Beginning of Year	369,631	482,984
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 38,155	\$ 369,631
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	\$ 23,834	\$ 6,192

The Accompanying Notes are an Integral Part of These Financial Statements

LAMP, INC. dba LAMP COMMUNITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - NATURE OF ORGANIZATION

Agency Mission

Lamp's mission is to end homelessness of Los Angeles' most vulnerable individuals - primarily adults living with mental illness - through a continuum of services and housing, enabling them to reach their highest level of self-sufficiency and community integration. Women and men who participate in one or more of Lamp's programs are called "members" rather than clients, highlighting a culture of inclusivity in a welcoming and caring community.

What sets Lamp, Inc. dba Lamp Community (Lamp) apart from other service providers in Los Angeles and Skid Row is its expertise in reaching out to those who have the most complex, high-barrier factors contributing to their homelessness, including untreated severe mental illness, physical disabilities, and chronic disease. Programs are based on the "Housing First" model, which Lamp helped pioneer more than two decades ago. Housing First is now recognized as a best practice by the U.S. Department of Housing and Urban Development. In the Housing First model, services are provided within a high-tolerance, harm-reduction framework, meaning there are no preconditions such as sobriety, religious participation or income. Lamp is one of only a few homeless service providers serving the LGBT community on Skid Row.

Agency at a Glance

Lamp Community was founded in 1985 as a small daytime drop-in center in Skid Row for homeless people living with mental illness. Lamp was one of the first providers to offer permanent supportive housing in Los Angeles County. All of Lamp's programs and services are based on responsiveness and flexibility: there is no one-size-fits-all approach and all of Lamp's programs are voluntary. During the year ended June 30, 2015, Lamp served more than 3,000 unique individuals in these ways:

- Permanent Supportive Housing (PSH) services to over 600 residents
- Intensive mental health clinical services to more than 200 women and men
- Emergency and stabilization housing and services to over 750 individuals, including homeless individuals being discharged from inpatient care living with chronic or severe health conditions
- More than 20,000 showers, hygiene kits and towels
- Over 143,000 meals for shelter residents
- Money management, benefits advocacy and fine arts to more than 1,500 individuals

Lamp prioritizes securing stable housing for members and surrounds them with the essential services to help them retain their housing, receive physical and mental health care, and achieve self-sufficiency on their own terms. In addition to the menu of services offered by Lamp, the agency also provides job counseling services, alcohol and drug addiction recovery services, legal services and primary health care through community partnerships.

Lamp is in the process of merging with Ocean Park Community Center (OPCC) (See Note 11). OPCC provides highly effective, fully integrated services to the most traumatized, vulnerable and needy members of the community - homeless individuals, victims of domestic violence, at-risk youth, indigent veterans, and people dealing with severe physical or mental illness or substance abuse. By merging with OPCC, Lamp will broaden the scope and reach of its services, allowing Lamp to have a greater impact in the Los Angeles community and a louder voice on the issues of homelessness and mental health.

LAMP, INC. dba LAMP COMMUNITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - NATURE OF ORGANIZATION (continued)

Target Population

Lamp's services are targeted at those who are chronically homeless or highly vulnerable to dying on the streets, including unsheltered older adults, veterans, people living with HIV/AIDS or chronic disease, mental and physical disabilities, and substance abuse issues. Lamp staff engages hard-to-reach individuals through the delivery of intensive services ensuring that all who seek help obtain it. Lamp members average six years on the streets and 90% have no income and receive no government benefits when they arrive. All Lamp members live with mental illness or co-occurring disorders, ranging from diabetes to cancer or HIV/AIDS. Many struggle to overcome addictions to alcohol and drugs as well as personal trauma. Members are 64% male, 30% female and 6% transgender. Approximately 2% are between the ages of 18 and 25, 67% between 26 and 49 and 31% over 50. African Americans account for 69%, Caucasians for 18%, Latinos for 10% and other for 3%, while 11% identify as gay or lesbian.

Staff, Board and Volunteers

Lamp currently employs 113 full-time and 26 part-time staff members. There are 14 members on Lamp's Board of Directors.

Where Lamp Works

Lamp operates several facilities in Los Angeles and provides case management, health care and other services at additional permanent supportive housing buildings in Skid Row and other areas of Los Angeles.

- **The Lamp Village:** The Lamp Village, located at 526 San Pedro Street, offers 98 year-round shelter beds, with 16 reserved for HIV positive members, 25 for women and 25 for individuals on probation under AB 109. Here, members access housing locator services, intensive case management and on-site primary healthcare. The Village also hosts a variety of agency-wide programs, including the Fine Arts and Music, Peer Advocacy and Money Management Programs, as well as public showers and toilets and the only public laundry facilities on Skid Row.
- **Lamp HAUS:** A new 25-bed emergency shelter, located at 1920 West Third Street in MacArthur Park, was opened in 2013 to serve indigent homeless women and men. These individuals are usually just-discharged from the hospital or area emergency rooms. Patients are referred to HAUS by hospitals and Los Angeles County Health Services. HAUS provides full-time nursing, case management and a linkage to Permanent Supportive Housing.
- **Recuperative Care and Housing:** SOLAR (South LA Recuperative) opened in late 2014. SOLAR is a recuperative shelter in Compton, offering emergency housing for medically frail clients exiting hospitals and awaiting permanent supportive housing solutions. While at SOLAR, patients receive 24-hour nursing care and medication management, and work with Lamp to begin the services they will need in their new permanent homes.
- **The Frank Rice Access Center (FRAC):** The home of Lamp's outreach team and located at 627 San Julian Street, the FRAC offers emergency intervention programs to engage mentally ill individuals living on the streets. At FRAC, members access public showers and toilets, Permanent Supportive Housing and other services, including shelter beds. Lamp also partners with John Wesley Community Health Institute, Inc. at FRAC to provide specialized beds to 18 adults living with HIV/AIDS.

LAMP, INC. dba LAMP COMMUNITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - NATURE OF ORGANIZATION (continued)

- **Wellness Center Program:** Located at 619 East 5th Street, the Wellness Center is the only program of its type on Skid Row. The Wellness Center serves more than 2,000 individuals annually. All outpatient mental health services were consolidated into one Medi-Cal certified site in 2012 to offer mental/physical healthcare, medication management, counseling, recovery and support groups.
- **The Lamp Lodge:** Located at 660 Stanford Avenue in Skid Row, Lamp Lodge offers 49 units of Permanent Supportive Housing. Lamp Lodge provides on-site staff and programs and is dedicated to chronically homeless adults.
- **Los Angeles Nest:** The Nest is located at 325 South Los Angeles Street, just outside of Skid Row. It houses Lamp's Harm Reduction program as well as the Residential Intensive Support Teams Program (RIST). RIST serves individuals residing in Permanent Supportive Housing throughout the city, rather than in Lamp-managed buildings in Skid Row.

Lamp's case management staff matches members with the right services at the right time. Many members engage with staff for months before trusting in the help they need. Lamp's goal is to walk with members in their journeys back to self-control over their lives and becoming secure, happy, and self-sufficient members of our communities. Lamp's programs include:

- **Shower and Toilet Program:** More than 150 individuals are served daily with showers, hygiene kits and towels.
- **Veterans Program (VASH):** Through a partnership with the U.S. Veterans Administration, Lamp will provide housing placement, case management and clinical services to 125 homeless veterans through a five-year contract.
- **Primary Care Services:** Chronic illness is an issue for all Lamp members. In addition to integrated nursing and psychiatric services, Lamp Village opened a primary care clinic in August 2013, offering all Lamp members primary medical care services through an innovative partnership with L.A. Christian Health Centers.
- **Harm Reduction:** This includes emergency housing and Permanent Supportive Housing for those living with HIV/AIDS as well as outreach, support groups, testing, counseling, education programs, prevention kits and linkage to immediate no-cost medical care, reaching over 1,000 women and men annually.
- **Member Resources:** Created in 2013 to consolidate all member-related programs, this department now includes Money Management, Benefits and Peer Advocacy programs and reaches members agency-wide.
- **Fine Arts and Music Program:** Founded in 1999, this is one of Lamp's most innovative programs offering a low-barrier entrance to services. Offerings include photography, painting and drawing instruction, several weekly art studio sessions, gallery showings and a fully-equipped soundproof music studio.

LAMP, INC. dba LAMP COMMUNITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - NATURE OF ORGANIZATION (continued)

- **Coordinated Entry System (CES):** In 2013, a coordinated entry system (CES) pilot began in Skid Row, based entirely on a pilot project led by Lamp in cooperation with the LA Department of Public Health, the United Way, and Community Solutions. Lamp continues to be Los Angeles' lead CES agency in coordinating not just Skid Row's homeless registry, but one for all of L.A. County's Metro Service Planning Area (SPA) 4. CES activities include providing individuals in Los Angeles with access to Permanent Supportive Housing. This includes maintenance of a centralized waitlist for housing, one universal assessment tool, one database of services, and coordinated outreach efforts among participating agencies in SPA 4. More than 20 agencies participate in the collaborative.
- **Permanent Supportive Housing Program (PSH):** All housing is linked to clinical/social services. PSH with on-site services and scattered site PSH units ensure needs of members with different levels of need and skills are met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

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

(b) ACCOUNTING

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

- **Unrestricted - Undesignated.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Temporarily Restricted.** Lamp reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. Lamp has \$345,623 of temporarily restricted net assets at June 30, 2015.
- **Permanently Restricted.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit Lamp to expend all of the income (or other economic benefits) derived from the donated assets. Lamp has no permanently restricted net assets at June 30, 2015.

LAMP, INC. dba LAMP COMMUNITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Lamp considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents at June 30, 2015 approximates its fair value.

Lamp maintains separate cash accounts for certain of its members who receive pension and social security payments, as well as cash from other sources. Member funds that have been set aside in restricted trust bank accounts at June 30, 2015 amounted to \$109,278.

(d) ACCOUNTS AND OTHER RECEIVABLES

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts represents their estimated fair value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectibility 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, 2015, the allowance for uncollectible receivables was \$43,779.

(e) CONCENTRATIONS

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

The accounts receivable balance outstanding at June 30, 2015 consists primarily of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of Lamp's receivables consist of earned fees from contract programs granted by governmental agencies.

During the year ended June 30, 2015, Lamp earned \$5,059,840 (49% of total revenue and support) under mental health service programs administered by the County of Los Angeles. Lamp also earned \$2,236,050 (22% of total revenue and support) under homeless services programs administered by the U.S. Department of Housing and Urban Development. Lamp anticipates that it will continue to run these programs. There can be no assurance that Lamp will be able to obtain future grant agreements upon the expiration of the current term of the contracts.

(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues in the period received. Lamp reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. Pledges receivable at June 30, 2015 are due to be collected in their entirety within one year.

LAMP, INC. dba LAMP COMMUNITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) PROPERTY AND EQUIPMENT

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

Buildings and Improvements	27-40 Years
Furniture and Fixtures	5-10 Years
Automobiles and Trucks	7 Years
Leasehold Improvements	Lease Term (Including Extensions)

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

(h) LONG-LIVED ASSETS

Lamp reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flow is less than the carrying amount of the assets, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2015.

(i) REFUNDABLE ADVANCES

Grant funds are recognized as revenue in accordance with the term of the grants and when funds are expended for grant purposes. Refundable advances include both amounts received in excess of funds expended to date as well as grant amounts awarded and not yet expended. In accordance with the term of the grant, each contract must be treated as a separate fund; therefore, continuing programs that accrue debts related to one contract period cannot be paid by cash advances related to another contract period.

(j) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time to Lamp. Some of the services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue. In-kind contributions of \$15,820 were received which satisfied the criteria for recognition during the year ended June 30, 2015.

(k) INCOME TAXES

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

LAMP, INC. dba LAMP COMMUNITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) FUNCTIONAL ALLOCATION OF EXPENSES

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

(m) USE OF ESTIMATES

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

(n) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Lamp's financial statements for the year ended June 30, 2014 from which the summarized information was derived.

(o) SUBSEQUENT EVENTS

Lamp has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2015 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through February 19, 2016, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred, except for those described in Note 11.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2015:

Land	\$	122,732
Buildings and Improvements		3,278,208
Furniture and Fixtures		575,006
Automobiles and Trucks		67,241
Leasehold Improvements		6,207,575
TOTAL		10,250,762
Less: Accumulated Depreciation		(4,902,106)
PROPERTY AND EQUIPMENT (NET)	\$	5,348,656

Depreciation expense for the year ended June 30, 2015 was \$322,867.

LAMP, INC. dba LAMP COMMUNITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 4 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2015 consist of the following:

Accrued Payroll	\$	89,481
Accrued Vacation		133,483
Other Accrued Expenses		<u>17,312</u>
TOTAL ACCRUED LIABILITIES	\$	<u>240,276</u>

NOTE 5 - LINE OF CREDIT

Lamp has a revolving bank line of credit with a facility of \$425,000 (secured by receivables and equipment) through April 2016. The line of credit bears interest at the bank's prime rate plus 1.375% with a floor rate of 5.0%. The bank's prime rate at June 30, 2015 was 3.25%. There was no outstanding balance at June 30, 2015 on the line of credit.

NOTE 6 - NOTES PAYABLE

Notes payable consists of the following at June 30, 2015:

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

Note payable to CDHCD under the Emergency Housing and Assistance Program (EHAP) in the original principal amount of \$1,000,000, collateralized by the Village property located at 526 San Pedro Street, with principal and interest at 3% due in annual installments from residual receipts (as defined in the loan agreement) from the Village as long as the Village is used as an emergency shelter, a transitional housing facility, or a safe haven, due December 2020. The loan is forgivable at the end of the term. The loan was issued to fund the rehabilitation of the Village building and funded in January 2015. 1,000,000

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

It is not anticipated that Lamp will have any residual receipts on the operations of Lamp Lodge or the Village that will activate the requirement to make cash payments on the two loans from CDHCD. It is also anticipated that the Village will continue to operate as an emergency shelter, transitional housing facility or safe haven in the foreseeable future. Contingent interest on the notes payable to CDHCD amounted to approximately \$740,000 at June 30, 2015.

LAMP, INC. dba LAMP COMMUNITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 7 - PROFIT SHARING PLANS

Lamp has established a profit sharing plan for its full time employees. The plan provides for annual contributions to be made at the discretion of the Board of Directors. Lamp made no contributions to this plan, and was working to close it out during the year ended June 30, 2015. Since November 2010 Lamp has also had a 403(b) tax-sheltered annuity plan. This plan covers all employees who normally work more than 20 hours a week and have one year of service. Lamp contributes 100% of eligible employee contributions up to 2.5% of compensation. During the year ended June 30, 2015, Lamp contributed \$11,703 to this plan.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 are restricted for the following purposes:

General Operations	\$	150,000
Coordinated Entry System		80,684
Substance Abuse Prevention		70,000
Vehicle		35,000
Other		9,939
		<hr/>
<i>TOTAL TEMPORARILY RESTRICTED NET ASSETS</i>	\$	<u><u>345,623</u></u>

LAMP, INC. dba LAMP COMMUNITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 9 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

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

Lamp leases property located at 660 South Stanford Avenue, Los Angeles (Lamp Lodge) from the City of Los Angeles Housing Department (City) as successor to the Community Redevelopment Agency of the City of Los Angeles. The term of the lease, which was entered into in April 1990, is 55 years, with an option to extend for 44 years. At the end of the lease term, Lamp will release the site to the City free of all liens and encumbrances. The lease provides for annual rental payments equal to 50% of the annual residual receipts of Lamp Lodge. Through June 30, 2015, there have been no residual receipts.

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

Lamp rents three facilities and equipment under operating lease agreements expiring at various dates through June 2017. Future minimum commitments under existing non-cancellable leases as of June 30, 2015 are as follows:

Years Ending June 30

2016	\$	285,810
2017		157,440
TOTAL	\$	443,250

Rent expense under these leases for the year ended June 30, 2015 was \$315,565.

(b) LEGAL PROCEEDINGS

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

(c) CONTRACTS

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

LAMP, INC. dba LAMP COMMUNITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 10 - RELATED PARTY TRANSACTIONS

Lamp's Board of Directors and staff have adopted a conflict of interest policy and any transactions involving Board members and/or staff are entered into in accordance with this policy. In June 2014, Lamp obtained a \$250,000 loan from a Board member. This loan was approved by the Board and repaid in full in January 2015.

NOTE 11 - SUBSEQUENT EVENT

The Boards of Directors of Lamp and OPCC, another leading social services agency committed to ending homelessness in Los Angeles, have independently and unanimously approved a resolution to merge the two agencies. The merger agreement was executed in December 2015 and will result in combining the expertise and best practices of Lamp and OPCC in service and program resources to serve a greater number of people in the most effective ways possible. As of the date of these financial statements, the formal transfer of assets, liabilities and contracts from Lamp to OPCC is still pending.

LAMP, INC.
dba LAMP COMMUNITY
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

LAMP, INC. dba LAMP COMMUNITY

SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2015

FEDERAL AND NONFEDERAL AWARDS Agency/Program Grant Title	Federal CFDA Number	Contract Number	Governmental Revenue		Program Expenditures from Governmental Revenue
			Federal	Nonfederal	
MAJOR AWARDS					
U.S. Department of Housing and Urban Development:					
Pass-through, Los Angeles Homeless Services Authority Continuum of Care - Supportive Housing Program	14.267	CA0409L9001205/1306	\$ 278,277	\$ -	\$ 278,277
Community Development Block Grant	N/A	2014CITYGF11	-	415,655	415,655
Year-Round Emergency Shelter - Village	N/A	2014YRP14	-	456,249	456,249
SUBTOTAL			<u>278,277</u>	<u>871,904</u>	<u>1,150,181</u>
Pass-through, Los Angeles Homeless Services Authority and A Community of Friends:					
Continuum of Care - Supportive Housing Program	14.267	N/A	49,917	-	49,917
Continuum of Care - Supportive Housing Program	14.267	N/A	77,566	-	77,566
Los Angeles County Department of Mental Health	N/A	N/A	-	50,871	50,871
SUBTOTAL			<u>127,483</u>	<u>50,871</u>	<u>178,354</u>
Pass-through, Housing Authority of the City of Los Angeles:					
Continuum of Care - Project-Based Rental Assistance	14.267	HA-2015-36-COC	127,473	-	127,473
Pass-through, City of Los Angeles Housing Department Housing Opportunities for Persons with AIDS	14.241	C120290	525,582	-	525,582
TOTAL MAJOR AWARDS			<u>1,058,815</u>	<u>922,775</u>	<u>1,981,590</u>
NON-MAJOR AWARDS					
U.S. Department of Housing and Urban Development:					
Pass-through, U.S. Department of Veterans Affairs Supportive Housing Program	14.871	VA262-13-D-0146	254,460	-	254,460
U.S. Department of Homeland Security:					
Pass-through, United Way, Emergency Food and Shelter National Board Program	97.024	069500-145	29,000	-	29,000
County of Los Angeles Department of Mental Health:					
California Department of Health Care Services and Los Angeles County Department of Mental Health:					
Alcohol and Drug Program Administration	N/A	MH121209	-	50,000	50,000
Medi-Cal	N/A	MH121209	-	1,367,171	1,367,171
Los Angeles County Department of Mental Health:					
MHSA - Planning, Outreach and Engagement and Wellness Centers	N/A	MH121209	-	666,028	666,028
Mental Health Services Act - Housing Trust Fund	N/A	MH190052	-	126,942	126,942
Basic Living and Support Services	N/A	N/A	-	1,003	1,003
SUBTOTAL			<u>-</u>	<u>2,211,144</u>	<u>2,211,144</u>
County of Los Angeles Department of Health Services:					
Intensive Case Management Services (ICMS) - RC	N/A	H-7054016	-	1,623,639	1,623,639
ICMS - Residential Intensive Support Teams (RIST)	N/A	H-705414	-	726,893	726,893
ICMS - Scatter Site Housing (SSH)	N/A	H-705414	-	498,164	498,164
SUBTOTAL			<u>-</u>	<u>2,848,696</u>	<u>2,848,696</u>
County of Los Angeles Department of Probation:					
Pass-through, HealthRight360 AB-109	N/A	AB-109	-	317,436	317,436
TOTAL NON-MAJOR AWARDS			<u>283,460</u>	<u>5,377,276</u>	<u>5,660,736</u>
TOTAL FEDERAL AND NONFEDERAL AWARDS			<u>\$ 1,342,275</u>	<u>\$ 6,300,051</u>	<u>\$ 7,642,326</u>

Summary of Significant Accounting Policies

1. Basis of Accounting - The Schedule of Expenditures of Federal and Nonfederal Awards has been reported on the accrual basis of accounting.
2. Lamp is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.