

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
JUNE 30, 2009

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
CONTENTS
June 30, 2009

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5 – 6
Notes to Financial Statements	7 – 21
SUPPLEMENTAL INFORMATION	
Schedule of Activities by Program	22

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
OPCC
Santa Monica, California



We have audited the accompanying statement of financial position of OPCC (formerly Ocean Park Community Center) ("OPCC") (a nonprofit corporation) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of OPCC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OPCC as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2009 on our consideration of OPCC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental Schedule of Activities by Program on page 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



SingerLewak LLP

Los Angeles, California
November 18, 2009

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION
June 30, 2009

ASSETS

Assets

Cash and cash equivalents	\$ 1,145,665
Cash held in trust	120,041
Investments	1,763,689
Receivables from private and government agencies	1,443,925
Pledges receivable	737,566
Prepaid expenses and other assets	137,962
Deferred rent	4,477,273
Property and equipment, net	<u>11,032,075</u>
Total assets	<u>\$ 20,858,196</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 597,989
Accrued interest	310,871
Deposits held in trust	120,041
Notes payable	831,565
Notes payable - forgivable	<u>2,815,524</u>
Total liabilities	<u>4,675,990</u>

Commitments

Net assets

Unrestricted	6,980,352
Temporarily restricted	<u>9,201,854</u>
Total net assets	<u>16,182,206</u>
Total liabilities and net assets	<u>\$ 20,858,196</u>

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

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Revenue			
Government agencies	\$ 5,112,276	\$ 41,406	\$ 5,153,682
Investment income, net of realized losses and unrealized loss on investments	(295,735)	66,289	(229,446)
Support			
Contributions	1,145,214	744,791	1,890,005
Contributed goods	57,242	9,161	66,403
Contributed services	52,924	-	52,924
Contributed rent	-	342,032	342,032
Special events and mailings	425,260	296,393	721,653
Net assets released from restrictions			
Satisfaction of program restrictions	<u>2,623,213</u>	<u>(2,623,213)</u>	<u>-</u>
Total revenue and support	<u>9,120,394</u>	<u>(1,123,141)</u>	<u>7,997,253</u>
Functional expenses			
Program services			
Access Center	1,913,746	-	1,913,746
Campion Mental Health Center	262,071	-	262,071
Sojourn	1,091,580	-	1,091,580
Night Light	74,602	-	74,602
Turning Point Transitional Housing	886,315	-	886,315
Daybreak	1,417,398	-	1,417,398
Safe Haven	1,099,695	-	1,099,695
Maryland Apartments	48,092	-	48,092
k9 Connection	137,666	-	137,666
SAMOSHEL / SHWASHLOCK	1,158,322	-	1,158,322
Supporting services	1,088,308	-	1,088,308
Fundraising	<u>541,080</u>	<u>-</u>	<u>541,080</u>
Total functional expenses	<u>9,718,875</u>	<u>-</u>	<u>9,718,875</u>
Change in net assets	(598,481)	(1,123,141)	(1,721,622)
Net assets at beginning of year	<u>7,578,833</u>	<u>10,324,995</u>	<u>17,903,828</u>
Net assets, end of year	<u>\$ 6,980,352</u>	<u>\$ 9,201,854</u>	<u>\$ 16,182,206</u>

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

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2009

	Program Services										Total Program Services	Supporting Services	Fundraising	Total
	Access Center	Campion	Sojourn	Night Light	Turning Point	Daybreak	Safe Haven	Maryland Apartments	k9	SAMOSHEL/SHWASHLOCK				
Personnel expenses														
Salaries	\$ 829,836	\$ 343,732	\$ 706,140	\$ 50,869	\$ 459,006	\$ 764,253	\$ 620,673	\$ 35,990	\$ 62,075	\$ 574,666	\$ 4,447,240	\$ 656,851	\$ 280,627	\$ 5,384,718
Fringe benefits	208,415	58,887	154,492	16,427	99,575	177,933	143,970	8,453	12,119	144,232	1,024,503	113,579	33,190	1,171,272
Total personnel expenses	1,038,251	402,619	860,632	67,296	558,581	942,186	764,643	44,443	74,194	718,898	5,471,743	770,430	313,817	6,555,990
Other expenses														
Client	317,176	(165,931)	15,998	13	51,160	76,737	9,003	439	32,733	31,235	368,563	-	-	368,563
Consultants	18,479	1,538	19,052	-	3,812	46,698	55,251	-	584	3,720	149,134	54,924	2,530	206,588
Equipment	15,797	35	5,341	23	8,064	16,775	12,959	-	4,865	13,501	77,360	18,885	666	96,911
Services	158,725	356	22,630	25	4,064	2,798	5,262	-	25	206	194,091	64,582	3,174	261,847
Supplies	80,503	3,386	29,561	4,503	97,805	69,524	44,042	-	7,693	38,235	375,252	13,667	5,607	394,526
Rent - allocated	-	4,760	4,579	-	27,202	-	-	-	-	-	36,541	(36,541)	-	-
Space	261,542	11,614	94,435	1,273	77,694	114,061	68,037	3,000	2,724	346,345	980,725	126,879	-	1,107,604
Public relations	-	-	5,950	-	-	-	-	-	2,338	-	8,288	5,206	1,719	15,213
Travel/Training	3,224	1,117	8,668	-	553	1,276	857	-	-	1,849	17,544	1,533	210	19,287
Staff/Volunteer support	3,862	577	726	-	1,417	984	533	-	1,517	1,567	11,183	20,695	114	31,992
Other	3,968	726	3,612	1,469	1,701	6,305	(1,169)	-	2,877	1,281	20,770	13,145	5,809	39,724
Fundraising	-	-	369	-	72	660	-	-	526	12	1,639	-	207,434	209,073
Deferred rent	-	-	-	-	-	45,455	45,455	-	-	-	90,910	-	-	90,910
Total other expenses	863,276	(141,822)	210,921	7,306	273,544	381,273	240,230	3,439	55,882	437,951	2,332,000	282,975	227,263	2,842,238
Total expenses before depreciation and amortization	1,901,527	260,797	1,071,553	74,602	832,125	1,323,459	1,004,873	47,882	130,076	1,156,849	7,803,743	1,053,405	541,080	9,398,228
Depreciation and amortization	12,219	1,274	20,027	-	54,190	93,939	94,822	210	7,590	1,473	285,744	34,903	-	320,647
Total functional expenses before allocation of overhead	1,913,746	262,071	1,091,580	74,602	886,315	1,417,398	1,099,695	48,092	137,666	1,158,322	8,089,487	1,088,308	541,080	9,718,875
Allocation of administrative overhead	185,853	44,294	134,643	12,854	96,299	165,714	129,638	6,427	12,854	128,371	916,947	(938,852)	21,905	-
Total expenses after allocation of overhead	\$2,099,599	\$ 306,365	\$1,226,223	\$ 87,456	\$ 982,614	\$1,583,112	\$1,229,333	\$ 54,519	\$ 150,520	\$ 1,286,693	\$9,006,434	\$ 149,456	\$ 562,985	\$ 9,718,875

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

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009

Cash flows from operating activities

Cash received from contributors and grants	\$ 7,370,110
Cash paid to employees and suppliers	(8,591,030)
Interest received	90,188
Interest paid	<u>(127,465)</u>
Net cash used in operating activities	<u>(1,258,197)</u>

Cash flows from investing activities

Purchase of property and equipment	(37,208)
Cash received from sale of investments	3,414,645
Cash paid for purchase of investments	<u>(2,775,943)</u>
Net cash provided by investing activities	<u>601,494</u>

Cash flows from financing activities

Payments on notes payable	<u>(55,291)</u>
Net cash used in financing activities	<u>(55,291)</u>

Net decrease in cash

(711,994)

Cash, beginning of year

1,857,659

Cash, end of year

\$ 1,145,665

Supplemental disclosure of cash flow information

Interest expense	<u>\$ 127,465</u>
------------------	--------------------------

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

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009

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

Change in net assets	\$ (1,721,622)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation and amortization	320,647
Loss on disposal of property and equipment	413
In-kind donation of investment	(14,000)
Net realized/unrealized loss on investments	319,634
Amortization of deferred rent	90,909
(Increase) decrease in	
Receivables from private and government agencies	(544,761)
Pledges receivable	182,478
Prepaid expenses and other assets	(18,553)
Increase in	
Accounts payable and accrued expenses	54,898
Accrued interest	<u>71,760</u>
Net cash used in operating activities	<u>\$ (1,258,197)</u>

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

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – GENERAL

Description of Operations

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

Founded in 1963, OPCC provides housing and services for low-income and homeless youth, adults and families, battered women and their children, at-risk youth, and people living with mental illness or other conditions that impede their life experience. OPCC’s success stems from the full range of services provided by its ten main programs: The Access Center, Campion Mental Health Center, Daybreak Day Center and Shelter, k9 connection, Night Light, Safe Haven, SAMOSHEL, SHWASHLOCK, Sojourn Services for Battered Women and Their Children and Turning Point.

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

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

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

NOTE 1 – GENERAL (Continued)

Description of Operations (Continued)

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

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

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

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

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

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

NOTE 1 – GENERAL (Continued)

Description of Operations (Continued)

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

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

OPCC formally began its **permanent supportive housing program** with an allocation of 70 Shelter Plus Care housing vouchers from the City of Santa Monica Housing Authority in 1994, which launched OPCC as one of the first supportive housing providers for homeless individuals with disabilities on the Westside of Los Angeles County. In 2002, OPCC partnered with A Community of Friends in a venture to provide permanent housing for this population. The Maryland Apartments house 29 studio apartments. Today, OPCC houses over 250 people every year in permanent supportive housing.

Funding

OPCC is funded in part from various ongoing contracts with the City of Santa Monica, the United States Department of Health and Human Services, the Administration for Children & Families, the United States Federal Emergency Management Agency, the United States Department of Housing and Urban Development, the United States Social Security Administration, the State of California, the County of Los Angeles, the City of Los Angeles, Los Angeles County Department of Community & Senior Services and Los Angeles Community Development Division. Each of OPCC's primary programs is funded by separate contracts.

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – GENERAL (Continued)

Funding (Continued)

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

OPCC receives approximately 64% of its operations funding from government agencies. This funding is recognized as support when grant-purpose services are being performed by OPCC.

OPCC also receives private support in the form of restricted and unrestricted donations. OPCC receives approximately 36% of its funding for operations from contributions made from private organizations or individuals, and investments. These contributions are recognized as support when received.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

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

OPCC reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. OPCC did not have any permanently restricted net assets at June 30, 2009.

Grants, Contributions and Pledges

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

Government Grants

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

Contributed services are recognized by OPCC if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. OPCC receives contributed services from volunteers who provide legal advice. Management estimated that the fair market value of these services during the year ended June 30, 2009 was \$52,924.

OPCC also receives a significant amount of contributed time from volunteers that does not meet the recognition criteria described above. The total number of volunteer hours contributed during the year was approximately 35,261 hours. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

OPCC has programs running on sites that are leased at rates below fair market value. Management has estimated that for the current year, the fair market value of this contributed rent would be \$113,937 for the Access Center and \$38,880 for the Daybreak Center. Additionally, contributed rent recorded for SAMOSHEL and SHWASHLOCK locations totaled \$168,538 and \$20,677, respectively. These amounts have been reflected in the financial statements as revenue and expenses. Total donated rent was \$342,032 for all facilities for the year ended June 30, 2009.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets after the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Deferred Rent

OPCC entered into a lease agreement, whereby OPCC is leasing a building rent free until 2058 (see Note 7). Deferred rent is recorded at the estimated net present value of rent for the facility covered by the lease agreement.

Under Financial Accounting Standards Board (“FASB”) Staff Position (“FSP”) No. 13-1, “*Accounting for Rental Costs Incurred during a Construction Period*,” rental costs associated with ground or building operating leases incurred during a construction period must be recognized as rental expense. A lessee must then follow the guidance in FASB Statement No. 13, “*Accounting for Leases*,” and FASB Technical Bulletin No. 85-3, “*Accounting for Operating Leases with Scheduled Rent Increases*,” to determine the allocation of rental costs over the lease term. The guidance in the FSP must be applied to the first reporting period beginning after December 15, 2005. As a result of this FSP, OPCC started amortizing its deferred rent over the remaining period of the lease in 2005.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

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

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

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

Impairment of Long-lived Assets

In accordance with FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, OPCC records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. During fiscal year 2009, there were no events that would cause OPCC to recognize an impairment of assets.

Deposits Held in Trust

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

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

OPCC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. In addition, under 509(a) of the Internal Revenue Code, OPCC is not a private foundation.

Use of Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 157, “*Fair Value Measurements*” (“SFAS 157”). SFAS 157 establishes a common definition for fair value to be applied to generally accepted accounting principals requiring use of fair value, establishes a framework for measuring fair value, and expands the related disclosure requirements for fair value measurements. This accounting standard is effective for OPCC’s fiscal year ended June 30, 2009.

In February 2007, the FASB issued Statement of Financial Accounting Standards 159, “*The Fair Value Option for Financial Assets and Financial Liabilities – including an amendment of FASB Statement No. 115*” (“SFAS 159”). SFAS 159 permits entities to choose to measure eligible items at fair value at specific election dates (the “fair value option”). This accounting standard is effective for OPCC’s fiscal year ended June 30, 2009. The adoption of SFAS 159 did not have material impact on OPCC’s statement of financial position, statement of activities, statement of functional expenses or cash flow.

In July 2006, the FASB issued Interpretation No. 48, “*Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement 109*” (“FIN 48”). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with Statement No. 109, “*Accounting for Income Taxes.*” FIN 48 prescribes comprehensive models for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return, including positions that OPCC is exempt from income taxes or not subject to income taxes on unrelated business income. If there are changes in net assets as a result of application of FIN 48 these will be accounted for as an adjustment to the opening balance of retained earnings.

Additional disclosure about the amounts of such liabilities will also be required. OPCC presently discloses or recognizes income tax positions based on management’s estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, “*Accounting for Contingencies.*” OPCC has elected to defer the application of FIN 48 in accordance with FASB Staff Position (“FSP”) FIN 48-3. This FSP defers the effective date of FIN 48 for certain nonpublic enterprises, such as OPCC, included within its scope to the annual financial statements for fiscal years beginning after December 15, 2008. Management is currently assessing the impact of FIN 48 and does not expect the adoption of FIN 48 to have a material impact on the financial statements.

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements (Continued)

In August 2008, the FASB issued Staff Position No. 117-1, *“Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds”* (“FSP 117-1”). FSP 117-1 provides guidance for not-for-profit organizations concerning the net asset classification of donor-restricted endowment funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”). In addition, FSP 117-1 requires enhanced disclosures for all endowment funds. In December 2008, the State of California adopted UPMIFA, effective January 1, 2009. This accounting standard is effective for OPCC’s fiscal year ended June 30, 2009. The release of FSP 117-1 did not impact OPCC’s results of operations and financial condition.

In May 2009, the FASB issued Statement of Financial Accounting Standards No. 165, *“Subsequent Events”* (“SFAS 165”). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. OPCC has adopted SFAS 165 for the fiscal year ended June 30, 2009. Subsequent events have been evaluated through November 18, 2009, which is the date the financial statements were issued, and no further disclosures were required and its adoption did not impact its results of operations and financial condition.

In June 2009, the FASB approved the *“FASB Accounting Standards Codification”* (“Codification”), which launched on July 1, 2009 and will be effective for financial statements for interim or annual reporting periods ending after September 15, 2009. The Codification is not expected to change GAAP, but will combine all authoritative standards into a comprehensive, topically organized online database. After the Codification launch on July 1, 2009 only one level of authoritative GAAP exists, other than guidance issued by the SEC. All other accounting literature excluded from the Codification will be considered non-authoritative. OPCC is currently evaluating the potential effect that the adoption of the Codification will have on its 2010 financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

OPCC maintains cash deposits at four banks located in California. Deposits at each bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, cash balances are in excess of the insured limit.

NOTE 4 – CASH HELD IN TRUST

Included in cash held in trust are accounts which OPCC maintains on behalf of certain clients of Turning Point, Daybreak Shelter, and SAMOSHEL until these clients are self-sufficient and/or leave the program. As of June 30, 2009, cash balances related to these three bank accounts aggregated \$120,041.

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENT

As defined in SFAS 157, fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. In determining fair value, OPCC uses the market approach. Based on this approach, OPCC utilizes certain assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. OPCC utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques OPCC is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and the reliability of the information used to determine fair values.

As a basis for considering such assumptions, SFAS 157 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- 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. OPCC's investments consist of equity securities, fixed income funds, mutual funds and a commodity future fund. Management has established the fair value of Level 1 investments through review of annual investment statements provided by the investment brokerage company.

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

The following table summarizes OPCC's financial assets by the fair value hierarchy levels in accordance with SFAS 157 as of June 30, 2009.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Stock and stock funds	\$ 882,026	\$ -	\$ -	\$ 882,026
Fixed income funds	769,303	-	-	769,303
Mutual funds	49,429	-	-	49,429
Commodity future funds	<u>62,931</u>	<u>-</u>	<u>-</u>	<u>62,931</u>
Total investments	<u>\$ 1,763,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,763,689</u>

NOTE 6 – PLEDGES RECEIVABLE

At June 30, 2009, pledges are expected to be received as follows:

Within one year or less	\$ 595,015
Between one year and four years	<u>142,551</u>
Total	<u>\$ 737,566</u>

Management believes that all pledges are fully collectible and that no allowance is necessary as of June 30, 2009.

NOTE 7 – DEFERRED RENT

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

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2009 consisted of the following:

Land	\$ 2,330,000
Building and building improvements	3,448,733
Furniture and equipment	608,809
Leasehold improvements	6,525,848
Other assets	<u>14,000</u>
	12,927,390
Less accumulated depreciation and amortization	<u>1,895,315</u>
Total	<u>\$ 11,032,075</u>

Depreciation and amortization expense amounted to \$320,647 for the year ended June 30, 2009.

NOTE 9 – CAPITAL CAMPAIGN

During fiscal years 2006, 2007 and 2008, OPCC was engaged in a capital campaign to raise funds for the construction of two new homeless services facilities, initial operations, and endowment of the Cloverfield Services Center and the OPCC Annenberg Access Center. These facilities were completed in November 2006 and September 2007, respectively. Usage of the capital campaign funds for OPCC's services during the year ended June 30, 2009 is shown as part of the net assets released from restrictions on the Statement of Activities.

For the year ended June 30, 2009, capital campaign funds of \$978,081 were released from restrictions to support designated programs at the Cloverfield Services Center and Annenberg Access Center. Satisfaction of program restrictions included balances of \$457,003 for Access Center, \$117,809 for Daybreak Shelter and \$403,269 for Safe Haven.

NOTE 10 – LINE OF CREDIT

OPCC has a \$400,000 line of credit available to it from Northern Trust NA. The line of credit has a zero balance as of June 30, 2009. The interest rate for the line of credit is the Prime rate plus a margin of 1.50%. The line of credit is renewed annually upon OPCC paying the annual fee and the bank's review of OPCC's financial statements.

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 11 – NOTES PAYABLE

Notes payable at June 30, 2009 consisted of the following:

Note payable to Low Income Investment Fund, secured by the land and property of Sojourn’s Annex. The note is payable in monthly installments of \$3,006 and bears interest at 7.5% per annum. Principal and interest are due on February 1, 2016.	\$ 385,258
Note payable to Northern Trust Bank, secured by the land and property of OPCC’s administrative headquarters. The note is payable in monthly installments of \$3,535 and bears interest at 5.75% per annum. Principal and interest are due on July 20, 2012.	446,307
Note payable to Los Angeles Housing Department, secured by the land and property of Sojourn’s Adams House. The note payable is non-interest-bearing and will be repaid in the form of services provided by OPCC to the victims of domestic violence at a rate of \$32,500 per year or \$2,708 per month. The loan is due and payable in full no later than August 1, 2020. At the end of the 20th year, the remaining balance will be forgiven in full provided that OPCC remains in compliance with the terms of the regulatory agreement.	438,750
Program loan payable to the City of Santa Monica. The note payable bears interest at 5.98% per annum, and payment of principal and interest will be made from residual receipts, which are defined as net rent and laundry income after deducting operating expenses, commencing September 30, 2005. The note is due and payable in full over a 55-year period. At the end of the 55th year, the remaining balance will be forgiven in full provided that OPCC remains in compliance with the terms of the regulatory agreement. At June 30, 2009, the balance consists of forgivable principal of \$1.2 million.	1,510,871
Note payable to Redevelopment Agency of the City of Santa Monica. The note payable is non-interest-bearing and will be repaid by OPCC in the form of congregate housing and emergency shelter for low-income people over a 55-year period. At the end of the 55th year, the remaining balance will be forgiven in full provided that OPCC remains in compliance with the terms of the regulatory agreement.	<u>1,176,774</u> 3,957,960
Less forgivable portion	2,815,524
Less accrued interest payable	<u>310,871</u>
Total	<u>\$ 831,565</u>

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 11 – NOTES PAYABLE (Continued)

OPCC is required to meet certain financial and non-financial covenants for each year end for the note payable to Northern Trust Bank. At June 30, 2009, OPCC was in violation of one financial covenant and obtained a waiver from the bank.

Future maturities of notes payable at June 30, 2009 were as follows:

<u>Year Ending</u> <u>June 30,</u>	
2010	\$ 73,041
2011	74,623
2012	76,245
2013	450,823
2014	58,777
Thereafter	<u>3,224,451</u>
Total	<u>\$ 3,957,960</u>

NOTE 12 – COMMITMENTS

Leases

OPCC has entered into operating lease agreements for the OPCC Annenberg Access Center, SAMOSHEL, and certain office equipment. Future minimum rental commitments under these operating leases at June 30, 2009 were as follows:

<u>Year Ending</u> <u>June 30,</u>	
2010	\$ 148,117
2011	152,775
2012	91,687
2013	18,536
2014	5,191
Thereafter	<u>-</u>
Total	<u>\$ 416,306</u>

Rent expense for the year ended June 30, 2009 was \$257,624.

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 12 – COMMITMENTS (Continued)

Leases (Continued)

At June 30, 2009, the Access Center and Daybreak Shelter programs were renting facilities from the City of Santa Monica. The City of Santa Monica owns both the OPCC Annenberg Access Center and the Cloverfield Services Center buildings. As of June 30, 2009, the two programs combined represented 45% of total revenue and 36% of functional expenses.

NOTE 13 – ENDOWMENTS

Effective January 1, 2009, the state of California adopted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), which replaces UMIFA. In August of 2008, the FASB issued FSP No. 117-1, “*Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds.*” The disclosure provisions of FSP No. 117-1 were applied by the Corporation in the year ended June 30, 2009, as shown below.

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

For the year ended June 30, 2009, OPCC’s endowment net assets changed as follows:

	<u>Board-Designated Endowment Fund</u>
Endowment net assets, beginning of year	<u>\$ 101,749</u>
Net investment return	
Dividends	5,402
Unrealized and realized gain	<u>36,380</u>
Total investment return	41,782
Contributions	221,668
Fees	<u>(1,790)</u>
Endowment net assets, end of year	<u>\$ 363,409</u>

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2009 were available for the following purposes:

	Available June 30, <u>2008</u>	New Revenues	Expenditures	Available June 30, <u>2009</u>
Access Center	\$ 7,334	\$ 353,650	\$ (224,927)	\$ 136,057
Sojourn	2,511,093	416,862	(881,217)	2,046,738
Night Light	99,767	45,241	(25,625)	119,383
Turning Point	-	2,500	(900)	1,600
Daybreak	-	60,880	(38,880)	22,000
Safe Haven	-	155,238	(29,593)	125,645
k9 Connection	53,348	174,211	(150,520)	77,039
SAMOSHEL	-	181,438	(168,944)	12,494
SHWASHLOCK	-	20,677	(20,677)	-
Capital	3,077,235	89,375	(982,985)	2,183,625
Deferred rent	4,568,182	-	(90,909)	4,477,273
Agency	<u>8,036</u>	<u>-</u>	<u>(8,036)</u>	<u>-</u>
Total	<u>\$10,324,995</u>	<u>\$ 1,500,072</u>	<u>\$(2,623,213)</u>	<u>\$ 9,201,854</u>

The Declaration of Trust from the Sojourn Trust states that interest income is restricted to support the programs operated by Sojourn Services for Battered Women and Their Children. The Board of Directors of OPCC may petition the trustee, Northern Trust, to disburse principal from the trust to be used for specific purposes related to Sojourn. The trustee has the final authority on whether or not to approve principal distribution and OPCC has the final authority on the selection of the trustee.

NOTE 15 – RETIREMENT PLAN

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

SUPPLEMENTAL INFORMATION

OPCC
(FORMERLY OCEAN PARK COMMUNITY CENTER)
(A NONPROFIT CORPORATION)
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended June 30, 2009

	Program Services										Supporting Services and Fundraising	Total
	Access Center	Campion	Sojourn	Night Light	Turning Point	Daybreak	Safe Haven	Maryland Apartments	K9	SAMOSHEL/ SHWASHLOCK		
Revenue and support												
Revenue												
Government agencies	\$ 1,292,477	\$ 49,055	\$ 651,189	\$ 61,606	\$ 725,697	\$ 818,773	\$ 646,143	\$ -	\$ -	\$ 879,942	\$ 28,800	\$ 5,153,682
Investment income, realized losses and unrealized gains on investments	-	-	(265,741)	-	-	-	-	-	-	-	36,295	(229,446)
Support												
Contributions	312,160	87,398	197,385	45,241	32,813	352,124	157,968	-	71,668	32,360	600,888	1,890,005
Contributed goods	23,766	-	9,161	-	11,148	9,884	7,320	-	-	5,124	-	66,403
Contributed services	-	-	-	-	-	-	-	-	-	-	52,924	52,924
Contributed rent	113,937	-	-	-	-	38,880	-	-	-	189,215	-	342,032
Special events and mailings	25,809	1,015	185,977	-	21,234	45,156	-	-	102,543	31,086	308,833	721,653
Total revenue and support	<u>1,768,149</u>	<u>137,468</u>	<u>777,971</u>	<u>106,847</u>	<u>790,892</u>	<u>1,264,817</u>	<u>811,431</u>	<u>-</u>	<u>174,211</u>	<u>1,137,727</u>	<u>1,027,740</u>	<u>7,997,253</u>
Program services	2,099,599	306,365	1,226,223	87,456	982,614	1,583,112	1,229,333	54,519	150,520	1,286,693	-	9,006,434
Supporting services and fundraising	-	-	-	-	-	-	-	-	-	-	712,441	712,441
Total functional expenses	<u>2,099,599</u>	<u>306,365</u>	<u>1,226,223</u>	<u>87,456</u>	<u>982,614</u>	<u>1,583,112</u>	<u>1,229,333</u>	<u>54,519</u>	<u>150,520</u>	<u>1,286,693</u>	<u>712,441</u>	<u>9,718,875</u>
Net assets (deficit), beginning of year	(396,784)	(1,175,318)	2,558,464	31,510	(400,871)	5,204,039	5,796,666	(130,338)	53,345	(380,436)	6,743,551	17,903,828
Net assets (deficit), end of year	<u>\$ (728,234)</u>	<u>\$ (1,344,215)</u>	<u>\$ 2,110,212</u>	<u>\$ 50,901</u>	<u>\$ (592,593)</u>	<u>\$ 4,885,744</u>	<u>\$ 5,378,764</u>	<u>\$ (184,857)</u>	<u>\$ 77,036</u>	<u>\$ (529,402)</u>	<u>\$ 7,058,850</u>	<u>\$16,182,206</u>

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