

**HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE**

**ECONOMIC DEVELOPMENT CORPORATION**

**(A NONPROFIT CORPORATION)**

**Financial Statements**

**December 31, 2017**

**HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE**

**ECONOMIC DEVELOPMENT CORPORATION**

**T A B L E O F C O N T E N T S**

Independent Accountants' Review Report	1
Statement of Assets, Liabilities, and Net Assets – Cash Basis	3
Statement of Support, Revenue, and Expenses – Cash Basis	4
Statement of Functional Expenses – Cash Basis	5
Notes to Financial Statements	6-7

# **Carmody, Meach & Choo, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

ROGER E. CARMODY, CPA  
LEE P. MEACH, CPA  
WAYNE H. CHOO, CPA

2 NORTH LAKE AVENUE  
SUITE 830  
PASADENA, CALIFORNIA 91101  
TELEPHONE (626) 440-1077  
FACSIMILE (626) 440-1074

## Independent Accountants' Review Report

To The Board of Trustees of  
Historic Lincoln Heights Industrial Zone  
Economic Development Corporation (a California nonprofit Corporation)  
Los Angeles, California

We have reviewed the accompanying financial statements of Historic Lincoln Heights Industrial Zone Economic Development Corporation (a California nonprofit Corporation) which comprise the statement of assets, liabilities, and net assets – cash basis as of December 31, 2017, and the related statement of support, revenue, and expenses – cash basis and statement of functional expenses – cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

*Carmody Meach & Choo CP*

**CARMODY, MEACH & CHOO, LLP**  
**Certified Public Accountants**  
May 9, 2018

**HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE  
ECONOMIC DEVELOPMENT CORPORATION  
(A Nonprofit Organization)  
Statement of Assets, Liabilities, and Net Assets - Cash Basis  
December 31, 2017**

---

**ASSETS**

**CURRENT ASSETS**

Cash in bank \$ 5,396

***TOTAL CURRENT ASSETS*** \$ 5,396

***TOTAL LIABILITIES*** -

**NET ASSETS**

Unrestricted 5,396

Temporarily restricted -

Permanently restricted -

***TOTAL NET ASSETS*** 5,396

***TOTAL LIABILITIES AND NET ASSETS*** \$ 5,396

See accompanying notes and independent accountants' review report.

**HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE  
ECONOMIC DEVELOPMENT CORPORATION  
(A Nonprofit Organization)  
Statement of Support, Revenue, and Expenses - Cash Basis  
For the Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Property assessments income	\$ -	\$ 73,496	\$ 73,496
Net assets released from restrictions	73,496	(73,496)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>73,496</u>	<u>-</u>	<u>73,496</u>
<b>EXPENSES</b>			
Program services	60,015	-	60,015
Supporting services	11,095	-	11,095
<b>TOTAL EXPENSES</b>	<u>71,110</u>	<u>-</u>	<u>71,110</u>
<b>CHANGE IN NET ASSETS</b>	<u>2,386</u>	<u>-</u>	<u>2,386</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	3,010	-	3,010
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 5,396</u>	<u>\$ -</u>	<u>\$ 5,396</u>

See accompanying notes and independent accountants' review report.

**HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE  
ECONOMIC DEVELOPMENT CORPORATION  
(A Nonprofit Organization)  
Statement of Functional Expenses - Cash Basis  
For the Year Ended December 31, 2017**

---

	Program services	Supporting services		Total
Administrative contract	\$ -	9,000	\$	9,000
Auto expenses	1,063	-		1,063
Banners	1,024	-		1,024
City recovery costs	3,679	-		3,679
Insurance	2,135	-		2,135
Maintenance contract	46,442	-		46,442
Rent	4,000	2,000		6,000
Supplies	1,672	95		1,767
 Total expenses	 \$ 60,015	 \$ 11,095	 \$	 71,110

See accompanying notes and independent accountants' review report.

**HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE  
ECONOMIC DEVELOPMENT CORPORATION  
(A Nonprofit Organization)  
Notes to Financial Statements  
For the Year Ended December 31, 2017**

---

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:**

Historic Lincoln Heights Industrial Zone Economic Development Corporation (the "Organization") was incorporated in 2000 as a nonprofit public benefit corporation in the State of California. The Organization was established to bring about the revitalization, investment of capital, increased provision of quality public improvements, increased economic wellbeing of property owners, residents, and businesses, and to provide improvement and activities which confer special benefits to real property owners in the *Historic Lincoln Heights Industrial Zone* and its surrounds.

In 2000, the Organization entered into an agreement with the City of Los Angeles for the administration of the Historic Lincoln Heights Industrial Zone, commencing from 2000 to 2010. In 2011, the agreement was renewed from 2011 to 2020.

**Basis of Accounting:**

The Organization's policy is to prepare its financial statements on the cash basis of accounting; consequently, contributions and other revenues are recognized when received rather than when promised or earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

**Basis of Presentation:**

The Organization reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors:

Unrestricted net assets (net assets may be spent in accordance with management and Board's wishes).

Temporarily restricted net assets (net assets can be expended but only in accordance with donor-imposed restrictions).

Permanently restricted net assets (net assets which cannot be spent due to donor-imposed permanent restrictions on the use of funds).

The Organization reports property assessments revenue received as temporarily restricted support and revenue. When the restriction expires, that is, when the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as "*net assets released from restrictions*".

Expenses are generally reported as decrease in unrestricted net assets.



**HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE  
ECONOMIC DEVELOPMENT CORPORATION  
(A Nonprofit Organization)  
Notes to Financial Statements  
For the Year Ended December 31, 2017**

---

**NOTE 1:      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates:**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes:**

The Organization is exempt from federal income tax under the provisions of the Internal Revenue Code 501(c)(3) and a similar section of the state income tax laws. Therefore, no provision has been made for income taxes in the accompanying financial statements.

**Subsequent Events:**

Subsequent events were evaluated through May 9, 2018, which is the date the financial statements were available to be issued.

**NOTE 2:      RENT**

The Organization pays rent for the use of an office, storage, and parking space on an annual-payment basis. The annual rent obligation is \$6,000. The annual rent for 2017 was paid in February 2018.

The landlord is a current board member of the Organization.

**NOTE 3:      ADMINISTRATIVE MANAGEMENT CONTRACT AND MAINTENANCE CONTRACT**

The Organization has an annual administrative service contract with New City America (NCA). Under this contract, NCA provides district management and Board consulting services.

The Organization also has an annual public rights of way maintenance and enhancement contract with New City Public Spaces (NCPS).

Amounts paid under these contracts are reported as "Administrative Contract" and "Maintenance Contract" on the Statement of Functional Expenses, respectively.

NCA and NCPS are commonly owned by an individual. Neither has any voting powers in the Organization.

**Exempt Organization Declaration and Signature for Electronic Filing**

For calendar year 2017, or tax year beginning \_\_\_\_\_, 2017, and ending \_\_\_\_\_

**2017**

Department of the Treasury  
Internal Revenue Service

For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868

Name of exempt organization <b>HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE ECONOMIC DEVELOPMNT CORP</b>	Employer identification number <b>95-4859607</b>
---	---

**Part I Type of Return and Return Information (Whole Dollars Only)**

Check the box for the type of return being filed with Form 8453-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line of the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). If you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than one line in Part I.

1 a Form 990 check here ... <input type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12) .....	1 b	
2 a Form 990-EZ check here ... <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9) .....	2 b	73,496.
3 a Form 1120-POL check here ... <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22) .....	3 b	
4 a Form 990-PF check here ... <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5) .....	4 b	
5 a Form 8868 check here ... <input type="checkbox"/>	b Balance due (Form 8868, line 3c) .....	5 b	

**Part II Declaration of Officer**

- 6  I authorize the U.S. Treasury and its designated Financial Agent to initiate an Automated Clearing House (ACH) electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.
- If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2017 electronic return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund.

Sign Here

Signature of officer: *Wayne H. Choo*      Date: 18/13/18      Title: President

**Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)**

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

<b>ERO's Use Only</b>	ERO's signature WAYNE H. CHOO, CPA	Date	Check if also paid preparer <input checked="" type="checkbox"/>	Check if self-employed <input type="checkbox"/>	ERO's SSN or PTIN P00131065
	Firm's name (or yours if self-employed), address, and ZIP code CARMODY, MEACH & CHOO, LLP 2 NORTH LAKE AVE., SUITE 830 PASADENA, CA 91101				EIN 95-4799564
					Phone no. (626) 440-1077

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name				Firm's EIN
	Firm's address				Phone no.

Date Accepted \_\_\_\_\_

**DO NOT MAIL THIS FORM TO THE FTB**

TAXABLE YEAR  
**2017**

**California e-file Return Authorization for Exempt Organizations**

FORM  
**8453-EO**

Exempt Organization name <b>HISTORIC LINCOLN HEIGHTS</b>	Identifying number <b>95-4859607</b>
---	---

**Part I Electronic Return Information** (whole dollars only)

1 Total gross receipts (Form 199, line 4)	<b>1</b>	<b>73,496.</b>
2 Total gross income (Form 199, line 8)	<b>2</b>	<b>73,496.</b>
3 Total expenses and disbursements (Form 199, Line 9)	<b>3</b>	<b>71,110.</b>

**Part II Settle Your Account Electronically for Taxable Year 2017**

4  Electronic funds withdrawal      4a Amount \_\_\_\_\_      4b Withdrawal date (mm/dd/yyyy) \_\_\_\_\_

**Part III Banking Information** (Have you verified the exempt organization's banking information?)

5 Routing number \_\_\_\_\_  
6 Account number \_\_\_\_\_      7 Type of account:  Checking       Savings

**Part IV Declaration of Officer**

I authorize the exempt organization's account to be settled as designated in Part II. If I check Part II, Box 4, I authorize an electronic funds withdrawal for the amount listed on line 4a.

Under penalties of perjury, I declare that I am an officer of the above exempt organization and that the information I provided to my electronic return originator (ERO), transmitter, or intermediate service provider and the amounts in Part I above agree with the amounts on the corresponding lines of the exempt organization's 2017 California electronic return. To the best of my knowledge and belief, the exempt organization's return is true, correct, and complete. If the exempt organization is filing a balance due return, I understand that if the Franchise Tax Board (FTB) does not receive full and timely payment of the exempt organization's fee liability, the exempt organization will remain liable for the fee liability and all applicable interest and penalties. I authorize the exempt organization return and accompanying schedules and statements be transmitted to the FTB by the ERO, transmitter, or intermediate service provider. **If the processing of the exempt organization's return or refund is delayed, I authorize the FTB to disclose to the ERO or intermediate service provider, the reason(s) for the delay.**

Sign Here

Signature of officer: *Wayne H. Choo*      Date: 8/13/18      Title: PRESIDENT

**Part V Declaration of Electronic Return Originator (ERO) and Paid Preparer.** See instructions.

I declare that I have reviewed the above exempt organization's return and that the entries on form FTB 8453-EO are complete and correct to the best of my knowledge. (If I am only an intermediate service provider, I understand that I am not responsible for reviewing the exempt organization's return. I declare, however, that form FTB 8453-EO accurately reflects the data on the return.) I have obtained the organization officer's signature on form FTB 8453-EO before transmitting this return to the FTB; I have provided the organization officer with a copy of all forms and information that I will file with the FTB, and I have followed all other requirements described in FTB Pub. 1345, 2017 e-file Handbook for Authorized e-file Providers. I will keep form FTB 8453-EO on file for **four** years from the due date of the return or **four** years from the date the exempt organization return is filed, whichever is later, and I will make a copy available to the FTB upon request. If I am also the paid preparer, under penalties of perjury, I declare that I have examined the above exempt organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I make this declaration based on all information of which I have knowledge.

<b>ERO Must Sign</b>	ERO's signature	<b>WAYNE H. CHOO, CPA</b>	Date	Check if also paid preparer <input checked="" type="checkbox"/>	Check if self-employed <input type="checkbox"/>	ERO's PTIN	<b>P00131065</b>
	Firm's name (or yours if self-employed) and address	<b>CARMODY, MEACH &amp; CHOO, LLP</b> <b>2 NORTH LAKE AVE., SUITE 830</b> <b>PASADENA CA</b>		FEIN	<b>95-4799564</b> <b>91101</b>		

Under penalties of perjury, I declare that I have examined the above organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I make this declaration based on all information of which I have knowledge.

<b>Paid Preparer Must Sign</b>	Paid preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Paid preparer's PTIN
	Firm's name (or yours if self-employed) and address	FEIN		ZIP code

For Privacy Notice, get FTB 1131 ENG/SP.

FTB 8453 EO 2017