

**HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE
ECONOMIC DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)**

Financial Statements

December 31, 2019

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, 2019, 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 these 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.

A handwritten signature in cursive script that reads "Carmody Meach & Choo LLP".

CARMODY, MEACH & CHOO, LLP
Certified Public Accountants
April 6, 2020

**HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE
ECONOMIC DEVELOPMENT CORPORATION
(A Nonprofit Organization)
Statement of Assets, Liabilities, and Net Assets - Cash Basis
December 31, 2019**

ASSETS

CURRENT ASSETS

Cash in bank \$ 12,378

TOTAL CURRENT ASSETS \$ 12,378

TOTAL LIABILITIES -

NET ASSETS

Without donor restrictions \$ 12,378

TOTAL NET ASSETS 12,378

TOTAL LIABILITIES AND NET ASSETS \$ 12,378

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, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Property assessments income	\$ -	\$ 73,370	\$ 73,370
Net assets released from restrictions	73,370	(73,370)	-
TOTAL SUPPORT AND REVENUE	73,370	-	73,370
EXPENSES			
Program services	50,246	-	50,246
Supporting services	16,821	-	16,821
TOTAL EXPENSES	67,067	-	67,067
CHANGE IN NET ASSETS	6,303	-	6,303
NET ASSETS AT BEGINNING OF YEAR	6,075	-	6,075
NET ASSETS AT END OF YEAR	\$ 12,378	\$ -	\$ 12,378

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, 2019**

	Program services	Supporting services	Total
Administrative contract	\$ 9,000	\$ 9,000	\$ 18,000
Auto expenses	1,210	-	1,210
City recovery costs	4,056	-	4,056
Insurance	3,973	275	4,248
Maintenance contract	25,310	-	25,310
Professional	3,500	2,950	6,450
Rent	3,000	3,000	6,000
Supplies	197	1,596	1,793
 Total expenses	 \$ 50,246	 \$ 16,821	 \$ 67,067

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, 2019**

NATURE OF ACTIVITIES

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.

The Organization's agreement with the City of Los Angeles for the administration of the Historic Lincoln Heights Industrial Zone expires in 2020. A five-year renewal agreement has been submitted to the City and is pending the City's approval.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

For purposes of the statement of financial position and the statement of cash flows, the Organization considers all short-term investments with a maturity of three months or less to be cash.

LIQUIDITY

The following table reflects the Organization's financial assets as of December 31, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered to be unavailable when illiquid or not convertible to cash within one year or restricted by donors. The Organization evaluates future liquidity requirements based on expected future expenditures.

Cash in bank	\$ <u>12,378</u>
Assets available within one year for general expenditures	\$ <u>12,378</u>

INCOME AND EXPENSE RECOGNITION

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

The Organization reports property assessments revenue received and special event income as revenue with donor restriction. When the restriction expires, that is, when the purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restrictions and are reported in the statement of activities as "*net assets released from restrictions*".

**HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE
ECONOMIC DEVELOPMENT CORPORATION
(A Nonprofit Organization)
Notes to Financial Statements
For the Year Ended December 31, 2019**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET ASSETS

In accordance with GAAP, the Organization reports information regarding their financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions as described below:

Without donor restrictions includes funds which are expendable for the support of the Organization's operations.

With donor restrictions include funds that have been restricted by donors for specific purposes, for use according to specific timetables, or both.

At December 31, 2019, net assets without donor restrictions were \$12,378. There were no net assets with donor restrictions.

INCOME TAXES

The Organization is exempt from 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.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that were allocated include administrative contract and rent, which are allocated on a basis of time and efforts.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 6, 2020, the date these financial statements were available to be issued, and determined that no events have occurred that require disclosure in these financial statements.