

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

Financial Statements

December 31, 2018

HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE

ECONOMIC DEVELOPMENT CORPORATION

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Carmody, Meach & Choo, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2018, 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.

A handwritten signature in black ink that reads "Carmody Meach & Choo LLP". The signature is written in a cursive, flowing style.

CARMODY, MEACH & CHOO, LLP
Certified Public Accountants
May 28, 2019

**HISTORIC LINCOLN HEIGHTS INDUSTRIAL ZONE
ECONOMIC DEVELOPMENT CORPORATION
(A Nonprofit Organization)
Statement of Assets, Liabilities, and Net Assets - Cash Basis
December 31, 2018**

ASSETS

CURRENT ASSETS

Cash in bank	\$ 6,075
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<i>TOTAL CURRENT ASSETS</i>	<u>\$ 6,075</u>
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<i>TOTAL LIABILITIES</i>	-
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NET ASSETS

Unrestricted	\$ 6,075
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Temporarily restricted	-
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Permanently restricted	-
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<i>TOTAL NET ASSETS</i>	<u>6,075</u>
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<i>TOTAL LIABILITIES AND NET ASSETS</i>	<u>\$ 6,075</u>
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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, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Property assessments income	\$ -	\$ 77,730	\$ 77,730
Net assets released from restrictions	77,730	(77,730)	-
<i>TOTAL SUPPORT AND REVENUE</i>	<u>77,730</u>	<u>-</u>	<u>77,730</u>
EXPENSES			
Program services	57,968	-	57,968
Supporting services	19,083	-	19,083
<i>TOTAL EXPENSES</i>	<u>77,051</u>	<u>-</u>	<u>77,051</u>
<i>CHANGE IN NET ASSETS</i>	<u>679</u>	<u>-</u>	<u>679</u>
<i>NET ASSETS AT BEGINNING OF YEAR</i>	5,396	-	5,396
<i>NET ASSETS AT END OF YEAR</i>	<u>\$ 6,075</u>	<u>\$ -</u>	<u>\$ 6,075</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, 2018**

	Program services	Supporting services	Total
Administrative contract	\$ 9,000	\$ 9,000	\$ 18,000
Auto expenses	942	-	942
Banners	1,355	-	1,355
City recovery costs	3,863	-	3,863
Insurance	1,721	500	2,221
Maintenance contract	30,482	-	30,482
Professional	-	5,450	5,450
Rent	8,000	4,000	12,000
Supplies	2,605	133	2,738
 Total expenses	 \$ 57,968	 \$ 19,083	 \$ 77,051

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, 2018**

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, 2018**

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 28, 2019, 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 and 2018 was paid in 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.