

***LOS ANGELES NEIGHBORHOOD  
INITIATIVE, INC.  
(A California not-for-profit corporation)***

***AUDITED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2019***

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**  
*(A California not-for-profit corporation)*

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# **HILL, MORGAN AND ASSOCIATES, LLP**

*Certified Public Accountants*

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Partners  
Jeffrey Hill, CPA  
Raymond Morgan, CPA

To the Board of Directors  
**Los Angeles Neighborhood Initiative, Inc.**  
Los Angeles, California

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the **Los Angeles Neighborhood Initiative, Inc.**, (a California not-for-profit corporation) which comprise the statement of financial position as of September 30, 2019 and the related statements of activities, functional expenditures and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the organization's 2018 financial statements and in our report dated June 14, 2019 an unqualified opinion was expressed on those financial statements.

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

Management is responsible for the preparation and fair presentation of the 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; 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 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 risk of material misstatement of the financial statements 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 statement 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 control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriated to provide a basis for our opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Los Angeles Neighborhood Initiative, Inc.**, as of September 30, 2019, 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2020 on our consideration of **Los Angeles Neighborhood Initiative, Inc.'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 read in conjunction with this report in considering the results of our audit.

*Hill, Morgan and Associates, LLP*

Carson, California  
June 19, 2020

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**

**STATEMENT OF FINANCIAL POSITION**

At September 30, 2019

(With comparative totals for the year ended September 30, 2018)

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 514,034	\$ 521,673
Cash and cash equivalents-restricted to program use	1,445,037	427,077
Cash held as fiscal agent	1,046,745	690,776
Accounts receivable-government grants	266,405	158,457
<b>Total current assets</b>	<u>3,272,221</u>	<u>1,797,983</u>
<b>OTHER ASSETS:</b>		
Security deposit	5,175	5,175
<b>Total assets</b>	<u>\$ 3,277,396</u>	<u>\$ 1,803,158</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 110,570	\$ 180,739
Cash held as fiscal agent	1,046,745	690,776
Accrued vacation	46,924	44,428
Line of credit (Note 3)	49,603	56,038
<b>Total current liabilities</b>	<u>1,253,842</u>	<u>971,981</u>
<b>Total liabilities</b>	<u>1,253,842</u>	<u>971,981</u>
<b>NET ASSETS</b>		
<b>NET ASSETS:</b>		
Without donor restrictions	1,007,360	831,177
With donor restrictions (Note 9)	1,016,194	-
<b>Total net assets</b>	<u>2,023,554</u>	<u>831,177</u>
<b>Total liabilities and net assets</b>	<u>\$ 3,277,396</u>	<u>\$ 1,803,158</u>

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

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**  
**STATEMENT OF ACTIVITIES**  
For the year ended September 30, 2019  
(With comparative totals for the year ended September 30, 2018)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2019</u>	<u>2018</u>
<b>SUPPORT AND REVENUES:</b>				
Support:				
Grants and contracts-administration	\$ 75,808	\$ -	\$ 75,808	\$ 106,473
Grants and contracts-program services	2,541,169	1,030,000	3,571,169	2,480,916
Fiscal agent fees	30,000	-	30,000	-
Investment income	29	-	29	11
Net assets released from restrictions	13,806	(13,806)	-	-
<b>Total support and revenues</b>	<u>2,660,812</u>	<u>1,016,194</u>	<u>3,677,006</u>	<u>2,587,400</u>
<b>EXPENDITURES:</b>				
Program services	2,047,996	-	2,047,996	2,252,269
Administrative	436,633	-	436,633	386,901
<b>Total expenditures</b>	<u>2,484,629</u>	<u>-</u>	<u>2,484,629</u>	<u>2,639,170</u>
<b>CHANGES IN NET ASSETS</b>	176,183	1,016,194	1,192,377	(51,770)
Net assets, beginning of the year	<u>831,177</u>	<u>-</u>	<u>831,177</u>	<u>882,947</u>
<b>Net assets, end of the year</b>	<u>\$ 1,007,360</u>	<u>\$ 1,016,194</u>	<u>\$ 2,023,554</u>	<u>\$ 831,177</u>

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

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENDITURES**  
For the year ended September 30, 2018  
(With comparative totals for the year ended September 30, 2017)

	Program Total 2019	Admin. Total 2019	Grand Total 2019	Grand Total 2018
Pre-construction costs (Note 7)	\$ 92,599	\$ -	\$ 92,599	\$ 133,948
Construction management	193,317	-	193,317	178,215
Construction costs (Note 8)	1,104,656	-	1,104,656	1,149,150
Maintenance	-	-	-	64,787
Salaries	286,617	175,727	462,344	434,964
Payroll taxes	22,731	12,736	35,467	33,910
Employee retirement	5,363	1,930	7,293	7,958
Dental	1,520	209	1,729	2,213
Employee relations	-	3,874	3,874	6,095
Events	-	231	231	32,366
Payroll fees	-	1,028	1,028	1,133
Bank charges	191	1,233	1,424	1,571
Interest	-	6,722	6,722	7,021
Subscriptions and dues	1,138	3,123	4,261	9,252
Publications	112	351	463	7,879
Equipment	92	4,701	4,793	19,205
Insurance-group medical	37,109	21,638	58,747	56,484
Insurance-general	-	8,548	8,548	11,946
Insurance-workers compensation	-	3,238	3,238	5,845
Meetings	1,504	2,491	3,995	3,687
Office supplies	671	4,893	5,564	5,277
Outside services	12,662	541	13,203	9,029
Postage	1,195	832	2,027	2,110
Repairs and maintenance	26,195	273	26,468	24,549
Rent	5,500	80,549	86,049	84,159
Telephone	-	5,660	5,660	6,112
Travel	3,611	7,034	10,645	9,840
LANI Forum	11,414	-	11,414	11,182
Training and seminars	-	5,329	5,329	8,907
Accounting and auditing fees	7,500	54,000	61,500	65,600
Legal	2,875	-	2,875	271
Consultants	168,739	-	168,739	151,786
Printing	12,003	6,227	18,230	12,267
Graphic design	6,500	10,905	17,405	5,625
Transportation stipend	6,189	4,920	11,109	10,535
IT supplies	693	6,710	7,403	5,724
IT repairs and maintenance	-	480	480	3,795
Professional Services	2,300	500	2,800	12,000
Taxes	-	-	-	160
LANI maintenance match fund	33,000	-	33,000	42,613
<b>Total expenditures</b>	<b>\$ 2,047,996</b>	<b>\$ 436,633</b>	<b>\$ 2,484,629</b>	<b>\$ 2,639,170</b>

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

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**  
**STATEMENT OF CASH FLOWS**  
For the year ended September 30, 2018  
(With comparative totals for the year ended September 30, 2017)

	2018	2018
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ 1,192,377	\$ (51,770)
<b>Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:</b>		
<b>Change in operating assets and liabilities:</b>		
(Increase) decrease in assets		
Accounts receivable-government grants	(107,948)	411,230
Increase (decrease) in liabilities		
Accounts payable	(70,169)	(138,253)
Accrued vacation	2,496	7,690
	1,016,756	228,897
<b>Cash flows from financing activities:</b>		
Net principle payments on line of credit	(6,435)	(8,531)
<b>Net cash used in financing activities</b>	(6,435)	(8,531)
<b>Increase in cash</b>	1,010,321	220,366
Cash and cash equivalents - beginning of the year	948,750	728,384
<b>Cash and cash equivalents - end of the year</b>	\$ 1,959,071	\$ 948,750
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest expense	\$ 6,722	\$ 7,021
<b>CASH RECONCILIATION:</b>		
Cash and cash equivalents	\$ 514,034	\$ 521,673
Cash and cash equivalents-restricted for program use	1,445,037	427,077
<b>Total cash and cash equivalents</b>	\$ 1,959,071	\$ 948,750

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

***LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.***

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - ORGANIZATION AND OPERATIONS OF THE CORPORATION**

The Los Angeles Neighborhood Initiative, Inc. is organized as a not-for-profit corporation for the purpose of stimulating community-driven neighborhood revitalization in economically challenged communities. The Los Angeles Neighborhood Initiative, Inc. focuses on revitalizing transit operations, creating livable public spaces, stimulating private investments, and promoting neighborhood businesses and jobs. The Los Angeles Neighborhood Initiative, Inc. facilitates community participation and decision-making, and promotes public/private partnerships that result in catalytic main street projects.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, "Not-for-Profit Organizations" which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without Donor Restrictions: - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Los Angeles Neighborhood Initiative, Inc. These net assets may be used at the discretion of Los Angeles Neighborhood Initiative, Inc.'s management and the board of directors. Also, contributions that are restricted by the donor are reported as increases in net assets Without Donor Restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Net assets with Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**REVENUE RECOGNITION**

Revenue from government grants are recorded as net assets without donor restrictions when received. Revenue is dependent upon government policies and is subject to audit that could result in retroactive adjustments. Management believes that it has complied with the applicable criteria.

These notes are an integral part of the preceding financial statements.

***LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.***

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ACCOUNTS RECEIVABLE**

Accounts receivable is unsecured non-interest-bearing amounts due from government grantors for cost reimbursement or performance based grants. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

**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 may affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOT-FOR-PROFIT STATUS**

The Los Angeles Neighborhood Initiative, Inc. is a not-for-profit organization that is exempt from Federal and state income taxes under the Internal Revenue Code Section 501(c) (3) and the California State Revenue and Taxation Code 23701 (d) except on net income derived from unrelated business activities. The Los Angeles Neighborhood Initiative, Inc.'s management believes that it has support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Los Angeles Neighborhood Initiative, Inc.'s Forms 990, Return of Organization Exempt from Income Tax for the years ending September 30, 2019, 2018, 2017 and 2016 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

**CASH AND CASH EQUIVALENTS**

The Los Angeles Neighborhood Initiative, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**OFFICE FURNITURE AND EQUIPMENT**

Office furniture and equipment acquired is considered to be owned by the Los Angeles Neighborhood Initiative, Inc. while used in the program for which it was purchased or in other future authorized programs. However, the government grantor(s) have a reversionary interest in the office furniture and equipment, its disposition as well as the ownership of any proceeds therefrom is subject to government regulations. Office furniture and equipment having a unit value of \$1,000 or more, and a useful life of two years or more were capitalized.

These notes are an integral part of the preceding financial statements.

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**

NOTES TO FINANCIAL STATEMENTS

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**COMPARATIVE FINANCIAL INFORMATION**

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 the Los Angeles Neighborhood Initiative, Inc.'s financial statements for the year ended September 30, 2018, from which the summarized information was derived.

**NEW ACCOUNTING PRONOUNCEMENT**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Los Angeles Neighborhood Initiative, Inc. has begun the implementation of the new standard.

**NOTE 3 - LINE OF CREDIT**

LANI has an unsecured, \$99,000 line of credit from a bank. The terms for repayment require monthly interest only payments and the interest rate is prime plus 6.75%. The outstanding principal portion of the line of credit is due upon demand. As of September 30, 2019 and 2018, the outstanding balance for this line of credit was \$49,603 and \$56,038 respectively.

**NOTE 4 - RETIREMENT PLAN**

The Los Angeles Neighborhood Initiative, Inc. has a Simple Individual Retirement Account (Simple IRA) plan that covers all full-time employees upon being hired. Under the terms of the Simple IRA plan, all participating employees receive a matching contribution from the Los Angeles Neighborhood Initiative, Inc. of 2% of their annual salary.

Each employee is 100% vested to all contributions upon enrollment into the Simple IRA plan. The Los Angeles Neighborhood Initiative, Inc.'s total contribution to the plan for the years ended September 30, 2019 and 2018 were \$7,293 and \$7,958 respectively.

These notes are an integral part of the preceding financial statements.

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**

NOTES TO FINANCIAL STATEMENTS

**NOTE 5 - CONCENTRATION OF RISK**

The Los Angeles Neighborhood Initiative, Inc. maintains bank accounts at one bank. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Total cash exceeded the federally insured limits by \$2,950,214 and \$1,654,841 as of September 30, 2019 and 2018 respectively. Management believes that the Los Angeles Neighborhood Initiative, Inc. is not exposed to any significant credit risk related to cash because of the solvency of the bank in which these funds are held.

**NOTE 6 - LEASE COMMITMENT**

Effective on December 15, 2011 the Los Angeles Neighborhood Initiative, Inc. entered into a long-term lease agreement for office space located at 800 Figueroa Street, Suite 970, Los Angeles, CA 90017 with an expiration date of December 15, 2021. The characteristic of this lease agreement is such that it is recorded on the Los Angeles Neighborhood Initiative, Inc.'s books as an operating lease.

The future minimum obligation under this lease agreement is as follows:

<u>Year ended September 30,</u>	<u>Amount</u>
2020	\$ 78,094
2021	80,436
2022	20,257
2023	-0-
2024	-0-
Thereafter	<u>-0-</u>
Total	\$ <u>178,787</u>

**NOTE 7 - PRE-CONSTRUCTION COSTS**

The pre-construction cost consists of the following:

<u>Description</u>	<u>9/30/19</u>	<u>9/30/18</u>
Design/engineering	\$ 72,354	\$ 123,130
Permitting	<u>20,245</u>	<u>10,818</u>
Total	\$ <u>92,599</u>	\$ <u>133,948</u>

These notes are an integral part of the preceding financial statements.

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**

NOTES TO FINANCIAL STATEMENTS

**NOTE 8 – CONSTRUCTION COSTS**

The construction cost consists of the following:

<u>Description</u>	<u>9/30/19</u>	<u>9/30/18</u>
Hardscape	\$ 38,305	\$ 125,970
Façade	308,327	134,776
General conditions/mobilization	-0-	16,036
Signage/Banners/Flags	17,929	11,143
Electrical/lighting	756	85,136
Sidewalks	601,133	767,608
Street furniture	14,037	1,788
Other	863	1,056
Total hardscape costs	<u>1,047,100</u>	<u>1,143,513</u>
Irrigation	10,373	-0-
Tree trimming	-0-	4,637
Landscape	<u>47,183</u>	<u>1,000</u>
Total landscape costs	<u>57,556</u>	<u>5,637</u>
Total	\$ <u>1,104,656</u>	\$ <u>1,149,150</u>

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

At September 30, 2019, net assets with donor restrictions are available for the following purpose:

<u>Description</u>	<u>Amount</u>
Wilmington Town Square Park renovation	\$ 992,944
Western and Gage Park Project	<u>23,250</u>
Total	\$ <u>1,016,194</u>

These notes are an integral part of the preceding financial statements.

***LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.***

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – SUBSEQUENT EVENT**

The Los Angeles Neighborhood Initiative, Inc.'s management has evaluated subsequent events for the period from September 30, 2019 through June 19, 2020, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared states of emergency. It is anticipated that these impacts will continue for some time. In response to the financial threat posed by COVID-19, LANI secured a Paycheck Protection Program loan through the Small Business Administration. Management anticipates that the entire loan amount will be forgiven. Pandemic related disruptions include the termination of two contracts and another on hold indefinitely, however management pivoted to provide new emergency food delivery services. In addition to the pandemic, the City of Los Angeles experienced a civil uprising in May 2020 involving the destruction of approximately 200 properties. LANI is working with the Mayor's office to launch a façade renovation program throughout the City of Los Angeles in response to the unrest. As LANI's operating environment has been impacted by both events, staff continues to work from remote locations to deliver services without interruption.

***SUPPLEMENTARY INFORMATION SECTION REQUIRED BY  
GOVERNMENT AUDITING STANDARDS***

# **HILL, MORGAN AND ASSOCIATES, LLP**

*Certified Public Accountants*

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Partners  
Jeffrey Hill, CPA  
Raymond Morgan, CPA

To the Board of Directors  
**Los Angeles Neighborhood Initiative, Inc.**  
Los Angeles, California

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the 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, the financial statements of **Los Angeles Neighborhood Initiative, Inc.** which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenditures and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2020.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Los Angeles Neighborhood Initiative, Inc.**'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Los Angeles Neighborhood Initiative, Inc.**'s internal control. Accordingly, we do not express an opinion on the effectiveness of **Los Angeles Neighborhood Initiative, Inc.**'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Los Angeles Neighborhood Initiative, Inc.**'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hill, Morgan and Associates, LLP

Carson, California  
June 19, 2020