

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

***AUDITED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2021***

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

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# **JEFFREY A. HILL CPA, INC.**

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19602 Fariman Drive, Carson, CA 90746 • Phone: (310) 749-1014

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, 2021 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 2020 financial statements and in our report dated June 9, 2021 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**

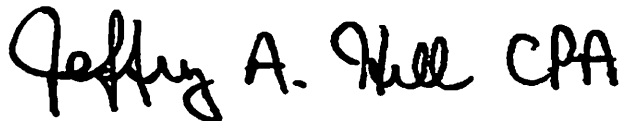
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued 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, 2021, 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 3, 2022 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.

Handwritten signature of Jeffrey A. Hill CPA in black ink.

Carson, California  
June 3, 2022

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
 At September 30, 2021  
 (With comparative totals for the year ended September 30, 2020)

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 906,253	\$ 595,097
Cash and cash equivalents-restricted to program use	596,741	416,496
Cash held as fiscal agent	1,032,312	1,032,312
Accounts receivable-government grants	-	585,091
	<b>Total current assets</b>	<b>2,628,996</b>
<b>OTHER ASSETS:</b>		
Security deposit	5,175	5,175
	<b>Total assets</b>	<b>\$ 2,634,171</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ -	\$ 171,187
Cash held as fiscal agent	1,032,312	1,032,312
Accrued vacation	52,921	65,944
Line of credit (Note 3)	40,066	45,249
PPP loan (Note 4)	95,492	-
	<b>Total current liabilities</b>	<b>1,314,692</b>
	<b>Total liabilities</b>	<b>1,314,692</b>
<b>NET ASSETS</b>		
<b>NET ASSETS:</b>		
Without donor restrictions	1,314,596	1,314,385
With donor restrictions (Note 9)	5,094	5,094
	<b>Total net assets</b>	<b>1,319,479</b>
	<b>Total liabilities and net assets</b>	<b>\$ 2,634,171</b>

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, 2021

(With comparative totals for the year ended September 30, 2020)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2021</u>	<u>2020</u>
<b>SUPPORT AND REVENUES:</b>				
Support:				
Grants and contracts-administration	\$ -	\$ -	\$ -	\$ 386,354
Grants and contracts-program services	2,017,755	-	2,017,755	2,919,669
Fiscal agent fees	-	-	-	30,000
Investment income	10	-	10	36
Net assets released from restrictions	-	-	-	-
<b>Total support and revenues</b>	<u>2,017,765</u>	<u>-</u>	<u>2,017,765</u>	<u>3,336,059</u>
<b>EXPENDITURES:</b>				
Program services	1,643,564	-	1,643,564	3,652,882
Administrative	373,990	-	373,990	387,252
<b>Total expenditures</b>	<u>2,017,554</u>	<u>-</u>	<u>2,017,554</u>	<u>4,040,134</u>
<b>CHANGES IN NET ASSETS</b>	211	-	211	(704,075)
Net assets, beginning of the year	<u>1,314,385</u>	<u>5,094</u>	<u>1,319,479</u>	<u>2,023,554</u>
<b>Net assets, end of the year</b>	<u>\$ 1,314,596</u>	<u>\$ 5,094</u>	<u>\$ 1,319,690</u>	<u>\$ 1,319,479</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, 2021  
(With comparative totals for the year ended September 30, 2020)

	Program Total	Admin. Total	Grand Total 2021	Grand Total 2020
Pre-construction costs (Note 7)	\$ 294,522	\$ -	\$ 294,522	\$ 186,640
Construction management	51,430	-	51,430	145,398
Construction costs (Note 8)	451,466	-	451,466	2,531,588
Salaries	405,647	120,510	526,157	480,399
Payroll taxes	34,112	10,215	44,327	35,868
Employee retirement	8,388	1,136	9,524	8,093
Dental	1,464	-	1,464	2,668
Employee relations	-	3,344	3,344	2,991
Events	98,870	-	98,870	116,217
Payroll fees	-	983	983	1,123
Bank charges	256	2,184	2,440	2,038
Interest	-	4,343	4,343	4,040
Subscriptions and dues	282	5,008	5,290	3,396
Publications	-	1,206	1,206	620
Equipment	1,016	6,359	7,375	85,258
Insurance-group medical	42,373	25,382	67,755	65,044
Insurance-general	4,095	8,779	12,874	5,683
Insurance-workers compensation	(340)	3,389	3,049	4,058
Meetings	-	106	106	6,974
Office supplies	317	2,091	2,408	3,532
Outside services	67,442	89	67,531	30,347
Postage	55	293	348	834
Repairs and maintenance	-	-	-	1,775
Rent	6,000	83,003	89,003	88,050
Telephone	-	2,592	2,592	3,490
Travel	2,208	238	2,446	3,446
Social media	15,980	3,246	19,226	-
<b>LANI Forum</b>	-	-	-	-
Training and seminars	-	3,851	3,851	1,455
Accounting and auditing fees	7,250	60,000	67,250	71,750
Legal	6,600	66	6,666	15
Consultants	104,250	-	104,250	95,325
Printing	8,990	1,735	10,725	4,272
Graphic design	8,900	1,494	10,394	13,590
Transportation stipend	789	2,408	3,197	6,166
IT supplies	1,702	10,773	12,475	7,567
IT repairs and maintenance	-	417	417	589
Professional Services	2,000	2,750	4,750	13,215
Other expenses	-	6,000	6,000	-
LANI maintenance match fund	17,500	-	17,500	6,620
<b>Total expenditures</b>	<b>\$ 1,643,564</b>	<b>\$ 373,990</b>	<b>\$ 2,017,554</b>	<b>\$ 4,040,134</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, 2021  
(With comparative totals for the year ended September 30, 2020)

	2021	2020
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ 211	\$ (704,075)
<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	585,091	(318,686)
Increase (decrease) in liabilities		
Accounts payable	(171,187)	60,617
Accrued vacation	(13,023)	19,020
	401,092	(943,124)
<b>Net cash provided by (used by) operating activities</b>		
<b>Cash flows from financing activities:</b>		
PPP loan proceeds	95,492	-
Net principle payments on line of credit	(5,183)	(4,354)
	90,309	(4,354)
<b>Net cash provided by (used by) financing activities</b>		
<b>Increase (decrease) in cash</b>	491,401	(947,478)
Cash and cash equivalents - beginning of the year	1,011,593	1,959,071
<b>Cash and cash equivalents - end of the year</b>	\$ 1,502,994	\$ 1,011,593
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest expense	\$ 4,343	\$ 4,040
<b>CASH RECONCILIATION:</b>		
Cash and cash equivalents	\$ 906,253	\$ 595,097
Cash and cash equivalents-restricted for program use	596,741	416,496
<b>Total cash and cash equivalents</b>	\$ 1,502,994	\$ 1,011,593

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. One significant event that Los Angeles Neighborhood Initiative, Inc. has provided to stimulate community-driven neighborhood revitalization is the annual LANI Community Forum. During fiscal year 2020-21, the Forum moved to a virtual rather than in-person platform. Also, during fiscal year 2020-21, construction related cost and revenue experienced a significant drop. This drop in construction activities is due to the cyclical nature of our projects and the decline has little or no effect on net income.

**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 those 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.

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)**

**REVENUE RECOGNITION**

Revenue from government grants is 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.

**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, 2021, 2020, 2019 and 2018 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.

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)**

**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.

**FUNCTIONAL EXPENSES**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited on the basis of management's estimates. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for overall support and direction of Los Angeles Neighborhood Initiative, Inc.

**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, 2020, from which the summarized information was derived.

**NOTE 3 - LINE OF CREDIT**

Los Angeles Neighborhood Initiative, Inc. 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, 2021 and 2020, the outstanding balance for this line of credit was \$40,066 and \$45,249 respectively.

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

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**

NOTES TO FINANCIAL STATEMENTS

**NOTE 4 - PPP LOAN PAYABLE**

At September 30, 2021, Los Angeles Neighborhood Initiative, Inc. has the following outstanding loan:

<u>Description</u>	<u>Amount</u>
An SBA PPP loan payable to a local bank for \$95,492. The loan is unsecured and has an interest rate of 1%. The terms for repayment of principal and interest will be deferred until the amount of the loan forgiveness is determined in accordance with Section 1106 of the CARES Act. See Note 10 regarding the forgiveness of this loan.	\$ <u>95,492</u>
Total outstanding loan	95,492
Less current portion	<u>(-0-)</u>
Long-term portion	\$ <u>95,492</u>

Maturities of long-term debt (principal portion only) as of September 30, 2021 and for the succeeding five years are as follows:

<u>Year ended September 30,</u>	<u>Amount</u>
2022	\$ -0-
2023	-0-
2024	-0-
2025	-0-
2026	-0-
Thereafter	<u>95,492</u>
Total	\$ <u>95,492</u>

**NOTE 5 - RETIREMENT PLAN**

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. Los Angeles Neighborhood Initiative, Inc.'s total contribution to the plan for the years ended September 30, 2021 and 2020 were \$9,524 and \$8,093 respectively.

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

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - 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 \$2,396,039 and \$1,929,827 as of September 30, 2021 and 2020 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 7 - PRE-CONSTRUCTION COSTS**

The pre-construction cost consists of the following:

<u>Description</u>	<u>9/30/21</u>	<u>9/30/20</u>
Design/engineering	\$ 294,143	\$ 146,363
Permitting	379	40,277
Total	<u>\$ 294,522</u>	<u>\$ 186,640</u>

**NOTE 8 - CONSTRUCTION COSTS**

The construction cost consists of the following:

<u>Description</u>	<u>9/30/21</u>	<u>9/30/20</u>
Hardscape	\$ 73,485	\$ 793,394
Art	48,620	-0-
General conditions/mobilization	2,889	305,749
Maintenance	84,167	165,342
Signage/Banners/Flags	13,085	752
Electrical/lighting	4,376	756
Sidewalks	37,214	338,545
Street furniture	64,056	-0-
Other	539	97
Total hardscape costs	<u>328,431</u>	<u>1,604,635</u>
Irrigation	-0-	13,305
Tree trimming	32,969	132,454
Landscape	90,066	781,194
Total landscape costs	<u>123,035</u>	<u>926,953</u>
Total	<u>\$ 451,466</u>	<u>\$ 2,531,588</u>

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

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**

NOTES TO FINANCIAL STATEMENTS

**NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 1,502,994
Accounts receivable	<u>-0-</u>
Total financial assets	\$ <u>1,502,994</u>

In addition to the financial assets listed above to meet general operating expenses over the next year, Los Angeles Neighborhood Initiative, Inc. operates with a balanced budget and anticipates covering its general operating expenses by collection of revenues and support. Los Angeles Neighborhood Initiative, Inc. reviews its financial position on a regular basis to ensure adequate financial assets are available to meet general operating expenses.

**NOTE 10 - SUBSEQUENT EVENT**

The Los Angeles Neighborhood Initiative, Inc.'s management has evaluated subsequent events for the period from September 30, 2021 through June 3, 2022, the date the financial statements were available to be issued. Management identified the following events that require disclosure or that would have an impact on the financial statements.

On December 14, 2021, Los Angeles Neighborhood Initiative, Inc.'s application for forgiveness of their second PPP loan for \$95,492 was approved. The loan balance has been converted to a grant and it will be included in revenue for the year ended September 30, 2022.

Effective on February 1, 2022 Los Angeles Neighborhood Initiative, Inc. entered into a long-term lease agreement for office space located at 800 Figueroa Street, Suite 670, Los Angeles, CA 90017 with an expiration date of January 31, 2029. 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.

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

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**

NOTES TO FINANCIAL STATEMENTS

**NOTE 10 - SUBSEQUENT EVENT-(continued)**

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

<u>Year ended September 30,</u>		<u>Amount</u>
2022	\$	41,400
2023		56,451
2024		58,146
2025		59,010
2026		60,777
Thereafter		<u>143,556</u>
Total	\$	<u>419,340</u>

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

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

# JEFFREY A. HILL CPA, INC.

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19602 Fariman Drive, Carson, CA 90746 • Phone: (310) 749-1014

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, 2021, 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 3, 2022.

**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.

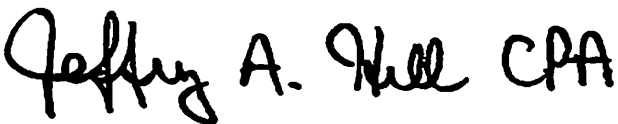
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination 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.

Handwritten signature of Jeffrey A. Hill CPA in black ink.

Carson, California  
June 3, 2022