

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

***AUDITED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2024***

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

Table of contents

	<b><u>Page</u></b>
Independent auditor's report	3
Statement of financial position	5
Statement of activities	6
Statement of functional expenditures	7
Statement of cash flows	8
Notes to financial statements	9
<b>Supplementary Information Section Required by Government Auditing Standards</b>	
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	17
Schedule of findings and questioned costs	19

# JEFFREY A. HILL CPA, INC.

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

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of **Los Angeles Neighborhood Initiative, Inc.** which comprise the statement of financial position as of September 30, 2024, the related statements of activities, functional expenses 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 2022 financial statements and in our report dated May 22, 2024 an unqualified opinion was expressed on those financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Los Angeles Neighborhood Initiative, Inc.** as of September 30, 2024, 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.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Los Angeles Neighborhood Initiative, Inc.** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management 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, and 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Los Angeles Neighborhood Initiative, Inc.** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

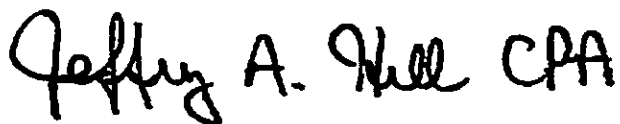
### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it occurs. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2025 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  
May 19, 2025

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
At September 30, 2024  
(With comparative totals for the year ended September 30, 2023)

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,938,341	\$ 1,829,050
Cash and cash equivalents-restricted to program use	359,835	510,423
Cash held as fiscal agent	1,032,312	1,032,312
Accounts receivable-government grants	316,797	421,765
<b>Total current assets</b>	<b>3,647,285</b>	<b>3,793,550</b>
<b>OTHER ASSETS:</b>		
ROU operating asset net of accum amortization \$48,445	225,506	275,169
Security deposit	5,175	5,175
<b>Total other assets</b>	<b>230,681</b>	<b>280,344</b>
<b>Total assets</b>	<b>\$ 3,877,966</b>	<b>\$ 4,073,894</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 227,935	\$ 83,639
ROU operating lease liability-current portion (Note 4)	50,926	49,670
Cash held as fiscal agent	1,032,312	1,032,312
Accrued vacation	84,170	76,431
Line of credit (Note 3)	-	-
<b>Total current liabilities</b>	<b>1,395,343</b>	<b>1,242,052</b>
<b>LONG-TERM LIABILITIES:</b>		
ROU operating lease liability-net of current portion (Note 4)	174,573	225,499
<b>Total liabilities</b>	<b>1,569,916</b>	<b>1,467,551</b>
<b>NET ASSETS</b>		
<b>NET ASSETS:</b>		
Without donor restrictions	2,308,050	2,606,343
With donor restrictions	-	-
<b>Total net assets</b>	<b>2,308,050</b>	<b>2,606,343</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,877,966</b>	<b>\$ 4,073,894</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, 2024  
(With comparative totals for the year ended September 30, 2023)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2024</u>	<u>2023</u>
<b>SUPPORT AND REVENUES:</b>				
Support:				
Grants and contracts-administration	\$ 139,283	\$ -	\$ 139,283	\$ 139,283
Grants and contracts-program services	1,948,964	-	1,948,964	2,697,260
Investment income	<u>4</u>	<u>-</u>	<u>4</u>	<u>4</u>
<b>Total support and revenues</b>	<u>2,088,251</u>	<u>-</u>	<u>2,088,251</u>	<u>2,836,547</u>
<b>EXPENDITURES:</b>				
Program services	1,992,640	-	1,992,640	1,632,383
Administrative	<u>393,904</u>	<u>-</u>	<u>393,904</u>	<u>405,818</u>
<b>Total expenditures</b>	<u>2,386,544</u>	<u>-</u>	<u>2,386,544</u>	<u>2,038,201</u>
<b>CHANGES IN NET ASSETS</b>	(298,293)	-	(298,293)	798,346
Net assets, beginning of the year	<u>2,606,343</u>	<u>-</u>	<u>2,606,343</u>	<u>1,807,997</u>
<b>Net assets, end of the year</b>	<u>\$ 2,308,050</u>	<u>\$ -</u>	<u>\$ 2,308,050</u>	<u>\$ 2,606,343</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, 2024  
(With comparative totals for the year ended September 30, 2023)

	Program Total	Admin. Total	Grand Total 2024	Grand Total 2023
Pre-construction costs (Note 7)	\$ 282,223	\$ -	\$ 282,223	\$ 360,062
Construction management	89,805	-	89,805	19,600
Construction costs (Note 8)	829,119	-	829,119	632,275
Salaries	474,108	168,233	642,341	619,717
Payroll taxes	36,950	13,375	50,325	47,957
Employee retirement	8,356	3,406	11,762	11,364
Dental	3,358	6,487	9,845	5,509
Employee relations	-	6,718	6,718	4,768
Events	6,757	25	6,782	7,798
Payroll fees	-	882	882	762
Bank charges	-	997	997	1,384
Interest	-	-	-	165
Subscriptions and dues	2,216	10,866	13,082	5,120
Publications	-	300	300	768
Equipment	1,703	24,956	26,659	8,629
Insurance-group medical	35,288	24,921	60,209	52,593
Insurance-general	2,950	3,489	6,439	7,327
Insurance-workers compensation	1,791	4,194	5,985	7,372
Meetings	6,093	2,648	8,741	2,363
Office supplies	4,907	4,007	8,914	4,035
Outside services	73,569	3,309	76,878	14,896
Postage	1,578	315	1,893	339
Operating lease costs	58,458	-	58,458	56,157
Telephone	-	3,893	3,893	5,155
Travel	3,446	7,174	10,620	8,340
LANI Forum	653	10	663	8,845
Training and seminars	10	6,762	6,772	4,812
Accounting and auditing fees	12,000	57,500	69,500	66,500
Legal	-	3,099	3,099	5,024
Consultants	-	-	-	29,767
Printing	5,587	1,527	7,114	6,010
Graphic design	-	3,156	3,156	-
Transportation stipend	5,342	2,616	7,958	7,571
IT supplies	2,925	9,669	12,594	17,304
IT repairs and maintenance	-	3,800	3,800	855
Professional services	43,110	9,215	52,325	6,970
Other expenses	338	6,355	6,693	88
<b>Total expenditures</b>	<b>\$ 1,992,640</b>	<b>\$ 393,904</b>	<b>\$ 2,386,544</b>	<b>\$ 2,038,201</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, 2024  
(With comparative totals for the year ended September 30, 2023)

	2024	2023
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ (298,293)	\$ 798,346
<b>Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:</b>		
Noncash portion of ROU operating lease expense	49,663	48,445
<b>Change in operating assets and liabilities:</b>		
(Increase) decrease in assets		
Accounts receivable-government grants	104,968	(72,153)
Increase (decrease) in liabilities		
Principal payments on operating lease	(49,670)	(48,445)
Accounts payable	144,296	(174,448)
Accrued vacation	7,739	15,099
	(41,297)	566,844
<b>Net cash (used by) provided by operating activities</b>		
<b>Cash flows from financing activities:</b>		
Net principal payments on line of credit	-	(15,246)
	-	(15,246)
<b>Net cash used by financing activities</b>		
	(41,297)	551,598
<b>(Decrease) increase in cash</b>		
Cash and cash equivalents - beginning of the year	2,339,473	1,787,875
<b>Cash and cash equivalents - end of the year</b>	\$ 2,298,176	\$ 2,339,473
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest expense	\$ -	\$ 165
<b>CASH RECONCILIATION:</b>		
Cash and cash equivalents	\$ 1,938,341	\$ 1,829,050
Cash and cash equivalents-restricted for program use	359,835	510,423
<b>Total cash and cash equivalents</b>	\$ 2,298,176	\$ 2,339,473

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.

### **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, 2024, 2023, 2022 and 2021 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, 2024, from which the summarized information was derived.

#### LEASES

Los Angeles Neighborhood Initiative, Inc. determines if an arrangement is or contains a lease at inception. Leases are included in the right of use (ROU) assets and lease liabilities in the balance sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Los Angeles Neighborhood Initiative, Inc. does not report ROU assets and lease liabilities for its leases with a term of twelve months or less.

#### RECENT ACCOUNTING PRONOUNCEMENT

Los Angeles Neighborhood Initiative, Inc. adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. As a result of implementing ASU No. 2016-02, Los Angeles Neighborhood Initiative, Inc. recognized ROU assets of \$323,614 and lease liabilities totaling \$323,614 in its balance sheet as of October 1, 2022.

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

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**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, 2024 and 2023, the outstanding balance for this line of credit was \$-0- and \$-0- respectively.

**NOTE 4 - OPERATING LEASE LIABILITY**

The right of use (ROU) assets represents Los Angeles Neighborhood Initiative, Inc.'s right to use underlying assets for the lease term, and the lease liability represent Los Angeles Neighborhood Initiative, Inc.'s obligation to make lease payments arising from these leases. The ROU operating asset and related lease liability were calculated based on the present value of future lease payments over the lease term. The discount rate applied to calculate lease liability as of October 1, 2022 was 2.50%.

Future maturities of lease liabilities are as follows:

<u>Year ended September 30,</u>	<u>Total</u>
2025	\$ 50,926
2026	52,214
2027	53,534
2028	54,888
Thereafter	<u>13,937</u>
Total	\$ <u>225,499</u>

A summary of total lease cost by component and other lease information for the year ended September 30, 2024:

<u>Description</u>	<u>Amount</u>
Operating lease costs:	
Amortization of right of use asset	\$ 49,663
Interest on lease obligation	<u>8,795</u>
Total operating lease costs	\$ <u>58,458</u>
Weighted average remaining lease term	<u>4 years</u>
Weighted average discount rate	<u>2.50%</u>

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

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**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, 2024 and 2023 were \$11,762 and \$11,363 respectively.

**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 \$3,195,605 and \$3,278,767 as of September 30, 2024 and 2023 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>9/30/24</u>	<u>9/30/23</u>
Design/engineering	\$ 211,100	\$ 303,108
Permitting	62,829	56,954
Public agency fees	8,294	-0-
Total	\$ <u>282,223</u>	\$ <u>360,062</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>9/30/24</u>	<u>9/30/23</u>
Hardscape	\$	\$ -0-
Art	35,750	91,281
Maintenance	349,190	355,135
Signage/Banners/Flags	31,627	12,686
Electrical/lighting	756	44,657
Utility relocation	29,389	-0-
Sidewalks	334,914	-0-
Other	1,496	12,899
Total hardscape costs	<u>783,122</u>	<u>516,658</u>
Tree trimming	35,997	12,435
Landscape	10,000	103,182
Total landscape costs	<u>45,997</u>	<u>115,617</u>
Total	<u>\$ 829,119</u>	<u>\$ 632,275</u>

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

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 2,298,176
Accounts receivable	<u>316,797</u>
Total financial assets	<u>\$ 2,614,973</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.

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, 2024 through May 19, 2025, 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.

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

# JEFFREY A. HILL CPA, INC.

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, 2024, 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 May 19, 2025.

### 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.

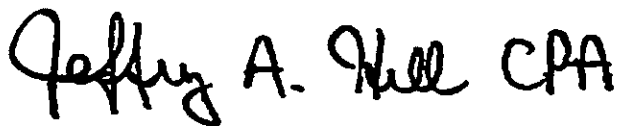
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination 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  
May 19, 2025

**LOS ANGELES NEIGHBORHOOD INITIATIVE, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS:**

Type of auditor’s report issued **Unmodified**

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

Material weakness identified **No**  
Significant deficiency identified **None reported**  
Noncompliance material to financial statements noted **No**

**FEDERAL AWARDS:**

Internal control over major federal programs:  
Material weakness identified **See A below.**  
Significant deficiency identified **See A below.**

Type of auditor’s report issued on compliance for major federal programs **See A below.**

Any audit findings disclosed that are required to be Reported in accordance with 2CFR 200.516(a) **See A below.**

**IDENTIFICATION OF MAJOR FEDERAL PROGRAMS:**

<b>CFDA No.</b>	<b>Name of Program</b>	<b>Expenses</b>
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<b>See A below.</b>		<b>N/A</b>
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Dollar threshold to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as a low risk auditee **See A below.**

**A) These items are not applicable because LANI did not have a single audit because Federal expenditures was less than \$750,000.**