

Fei Feng, CPA

LINCOLN HEIGHTS BENEFIT ASSOCIATION OF LOS ANGELES

**FINANCIAL STATEMENTS
With
Independent Accountant's Review Report**

DECEMBER 31, 2023

LINCOLN HEIGHTS BENEFIT ASSOCIATION OF LOS ANGELES

December 31, 2023

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
LINCOLN HEIGHTS BENEFIT ASSOCIATION OF LOS ANGELES

Report on the Financial Statements

I have reviewed the accompanying financial statements of Lincoln Heights Benefit Association of Los Angeles, which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, Functional Expenses, and Cash Flows 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 company 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, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Accountant's Responsibility

My 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

We are required to be independent of Lincoln Heights Benefit Association of Los Angeles and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
continued

Accountant's conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Fei Feng, CPA

Walnut, California
September 23, 2024

LINCOLN HEIGHTS BENEFIT ASSOCIATION OF LOS ANGELES
(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
December 31, 2023

	Without Donor Restrictions	2023 With Donor Restrictions	Total
Asset			
East West Bank - General	\$ 199,195	\$ -	\$ 199,195
Non-assessed Funds - East West Bank	319,042	-	319,042
East West Bank - Disbursements	109,619	-	109,619
TOTAL ASSETS	\$ 627,856	\$ -	\$ 627,856
Liabilities and Net Assets			
Net Assets			
Without donor restrictions			
Undesignated	627,856	-	627,856
TOTAL NET ASSETS	627,856		627,856
TOTAL LIABILITIES AND NET ASSETS	\$ 627,856	\$ -	\$ 627,856

The accompanying notes are an integral part of these financial statements

**LINCOLN HEIGHTS BENEFIT ASSOCIATION OF LOS ANGELES
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and Other Revenue</u>			
Program service fees	\$ 743,594	\$ -	\$ 743,594
Interest and dividends	3,828	-	3,828
Total Support and Other Revenue	747,422	-	747,422
 <u>Operating Expense</u>			
Program activities	650,466	-	650,466
Management and general	86,089	-	86,089
Total Operating Expenses	736,554	-	736,554
Change in Net Assets	10,868	-	10,868
Net assets, beginning of year	616,988	-	616,988
Net assets, end of year	\$ 627,856	\$ -	\$ 627,856

The accompanying notes are an integral part of these financial statements

LINCOLN HEIGHTS BENEFIT ASSOCIATION OF LOS ANGELES
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Operating Expenses	<u>Program Services</u>	Total Program	Management and General	Total
	<u>Sidewalk Operations and Beautification</u>			
Clean - Maintenance	\$ 373,809	\$ 373,809	\$ -	\$ 373,809
Safe - Security	189,535	189,535	-	189,535
Management	41,999	41,999	41,999	83,998
Consulting	17,286	17,286	17,286	34,571
City/County Costs	-	-	14,427	14,427
Communication	5,461	5,461	5,461	10,922
Rent	10,737	10,737	-	10,737
Farmer's Market Expense	8,000	8,000	-	8,000
Postage & Printing	-	-	4,065	4,065
Insurance	1,973	1,973	1,973	3,946
License/Permits	1,589	1,589	-	1,589
Marketing	-	-	878	878
Supplies	77	77	-	77
Total Operating Expenses	<u>\$ 650,466</u>	<u>\$ 650,466</u>	<u>\$ 86,089</u>	<u>\$ 736,554</u>

The accompanying notes are an integral part of these financial statements

**LINCOLN HEIGHTS BENEFIT ASSOCIATION OF LOS ANGELES
(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	<u>\$ 10,868</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 10,868
 NET INCREASE IN CASH	 10,868
 CASH, BEGINNING OF YEAR	 <u>616,988</u>
 CASH, END OF YEAR	 <u>\$ 627,856</u>

The accompanying notes are an integral part of these financial statements

1. Organization

Lincoln Heights Benefit Association of Los Angeles (LHBA) is a non-profit public benefit corporation incorporated in the State of California. It is organized under the Nonprofit Public Benefit Corporation Law of California for public and charitable purposes. LHBA's main purposes are to revitalize the Lincoln Heights Community of Los Angeles, to encourage investments in the community by both the private and public sectors, to cultivate the cultural, artistic, and social heritage of the people of the community, and to bring about an increased economic well being of its residents, employees, and businesses. LHBA was formed under the City of Los Angeles Landscaping, Security, Programming, and Maintenance Property Business Improvement District (BID) Ordinance.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Accounting

The accompanying financial statements are presented using the accrual basis of accounting. Under this basis of accounting, revenues are recognized when they are earned and expenses are recognized when they are incurred.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Contributions are recognized as revenues in the period received. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as prescribed for not-for-profit organizations by the Financial Accounting Standards Board (FASB).

Accordingly, the net assets of the Organization are classified and reported as follows:

- Net Assets without Donor Restrictions – Net assets consist of resources that generally result from revenue generated from providing services, collecting interest on investments, and receiving contributions without donor restriction, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Basis of Accounting – continued

- Net Assets with Donor Restrictions – Net assets consist of gifts of cash and other assets that were received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to unrestricted net assets and reported in the Statements of Activities and changes in net assets as net assets released from restrictions. When the donor restriction on contributions is satisfied in the same period as the receipt of the contribution, the Organization reports both revenue and the related expense in the net asset without donor restriction category.

This classification also consists of other net assets that are restricted by donors who stipulate those resources are to be maintained permanently, but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires or is relieved, net assets are reclassified from net assets with donor restrictions to net assets without donor restriction in the statement of activities. Except when donor restriction on contributions is satisfied in the same period as the receipt of the contribution, the Organization reports both revenue and the related expense in the net asset without donor restriction category.

Property and Equipment

Property and equipment are recorded at cost if purchased. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to fifteen hundred dollars and the useful live is greater than on year.

Property and equipment purchased with government contract funds are recorded at cost when purchased, and a correspondingly liability is recorded, since these items are deemed the property of the funding agency. When the property is no longer in use, it can revert back to the funding agency, or if the property is sold, the funding agency determines the use of the proceeds .

Use of Estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Concentration of Credit Risk

The financial instruments which potentially subject Lincoln Heights Benefit Association of Los Angeles to credit risk are primarily cash. North Figueroa Association conducts ongoing credit evaluations but does not obtain collateral or other forms of security. North Figueroa Association believes its credit policies do not result in significant adverse risk, and historically North Figueroa Association has not experienced significant credit-related losses.

Income Taxes

Lincoln Heights Benefit Association of Los Angeles is exempt from income tax under Internal Revenue Code section 501(c)(3) and Section 23701 of the California Revenue and Taxation Code. U.S. GAAP provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization returns are more likely than not to be sustained upon examination. The Organization's return are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Functional Allocation of Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Certain expense that are associated with more than one program or supporting service have been allocated among the programs and supporting services benefited based on management's calculation of time spent and/or direct cost on various programs and services, approved by agencies of governmental grants and contracts.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalent. Cash balances in excess of FDIC and similar insurance coverage are subject to the usual banking risks associated with funds in excess of those limits.