

LONG BEACH COMMUNITY ACTION PARTNERSHIP

FINANCIAL STATEMENTS

December 31, 2014
with Summary Comparative Information for 2013

CONTENTS

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements.....	6-18
Supplemental Financial Information	
Supplemental Statements of Revenue and Expenditures	19-26

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Long Beach Community Action Partnership:

Report on the Financial Statements

We have audited the accompanying financial statements of Long Beach Community Action Partnership (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' 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 and the standards applicable to financial audits contain 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 risks of material misstatement of the financial statements, whether 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 statements 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Beach Community Action Partnership as of December 31, 2014, 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.

Report on Summarized Comparative Information

We have previously audited the Long Beach Community Action Partnership's 2013 financial statements, and our report dated September 25, 2014 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it was derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as whole. The supplemental statements of revenue and expenditures (supplementary schedules) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2015, on our consideration of Long Beach Community Action Partnership's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Long Beach Community Action Partnership's internal control over financial reporting and compliance.

Winder, Inc.

Long Beach, California
July 9, 2015

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014
WITH COMPARATIVE TOTALS FOR 2013**

ASSETS

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 414,436	\$ 429,702
Investments (Note 3)		101,205
Grants and contracts receivable (Note 4)	848,753	1,142,286
Work-in-process	173,890	167,533
Inventory	57,108	71,479
Prepaid expenses	134,688	79,696
	<u>1,628,875</u>	<u>1,991,901</u>
PROPERTY AND EQUIPMENT, NET (Note 5)	831,987	1,104,443
DEPOSITS	<u>37,402</u>	<u>22,082</u>
TOTAL ASSETS	<u>\$ 2,498,264</u>	<u>\$ 3,118,426</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 274,364	\$ 214,644
Accrued expenses	254,321	258,067
Refundable contract advances (Note 6)	693,338	1,117,643
	<u>1,222,023</u>	<u>1,590,354</u>
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS		
Unrestricted		
Operating fund	444,254	314,818
Net investment in capital assets	831,987	1,104,443
	<u>1,276,241</u>	<u>1,419,261</u>
Temporarily restricted (Note 7)		108,811
	<u>1,276,241</u>	<u>1,528,072</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,498,264</u>	<u>\$ 3,118,426</u>

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

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH COMPARATIVE TOTALS FOR 2013**

	Unrestricted	Temporarily Restricted	Total	
			2014	2013
OPERATING SUPPORT AND REVENUE				
Grants and contracts	\$ 6,783,335		\$ 6,783,335	\$ 8,109,993
Contributions	18,960		18,960	417,333
Investment income	590		590	1,288
Other	69,878		69,878	151,922
Net assets released from restrictions:				
Satisfaction of program requirements	108,811	(\$ 108,811)		
	<u>6,981,574</u>	<u>(108,811)</u>	<u>6,872,763</u>	<u>8,680,536</u>
OPERATING EXPENSES				
Program services				
Energy assistance	4,714,411		4,714,411	5,821,515
Youth programs	905,727		905,727	1,365,433
Community advocacy and family	175,891		175,891	436,618
Public access digital network	283,776		283,776	275,259
Supporting services				
Fund-raising				86,855
Management and general	754,605		754,605	728,944
	<u>6,834,410</u>		<u>6,834,410</u>	<u>8,714,624</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>147,164</u>	<u>(108,811)</u>	<u>38,353</u>	<u>(34,088)</u>
CAPITAL SUPPORT AND EXPENSES				
Grant and contract support for capital equipment purchases	195,465		195,465	1,294,306
Depreciation expense	(485,649)		(485,649)	(233,082)
	<u>(290,184)</u>		<u>(290,184)</u>	<u>1,061,224</u>
CHANGE IN NET ASSETS	<u>(143,020)</u>	<u>(108,811)</u>	<u>(251,831)</u>	<u>1,027,136</u>
NET ASSETS AT BEGINNING OF YEAR	<u>1,419,261</u>	<u>108,811</u>	<u>1,528,072</u>	<u>500,936</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,276,241</u>	<u>None</u>	<u>\$ 1,276,241</u>	<u>\$ 1,528,072</u>

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

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH COMPARATIVE TOTALS FOR 2013**

	For the Year Ended December 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contracts	\$ 7,076,867	\$ 9,031,920
Cash paid to employees and vendors	(6,401,733)	(9,232,851)
Cash paid to subcontractors	(597,962)	(1,271,591)
Cash received from contributors	18,960	417,333
Interest and dividends received	590	1,288
Net Cash Provided By (Used In) Operating Activities	96,722	(1,053,901)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	101,205	
Purchase of investments		(406)
Purchase of property and equipment	(213,193)	(508,210)
Net Cash Used In Investing Activities	(111,988)	(508,616)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(15,266)	(1,562,517)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	429,702	1,992,219
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 414,436	\$ 429,702
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 251,831)	\$ 1,027,136
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	485,649	233,082
(Increase) decrease in:		
Grants and contracts receivable	293,533	344,685
Prepaid expenses	(54,992)	220,545
Other current assets	8,014	(51,096)
Deposits	(15,320)	(5,506)
Increase (decrease) in:		
Accounts payable	59,720	(885,256)
Accrued expenses	(3,746)	42,294
Refundable contract advances	(424,305)	(1,979,785)
Net Cash Provided By (Used In) Operating Activities	\$ 96,722	(\$ 1,053,901)

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

LONG BEACH COMMUNITY ACTION PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 1 – Organization

Long Beach Community Services Development Corporation was incorporated in the state of California on August 6, 1979. Effective June 2012, the Corporation's name was amended with the state of California to be Long Beach Community Action Partnership (the Organization).

The Organization is a not-for-profit organization exempt from US federal and state of California income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenue and Taxation Code, respectively. The Organization has been designated as an organization that is not a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Mission Statement: Long Beach Community Action Partnership is passionately committed to providing dynamic pathways to self-sustainability for low income individuals and families through advocacy, education, and energy assistance. With our collaborative partners, community resources, and strength-based leadership, we coordinate and mobilize comprehensive training and technical assistance vital to building and sustaining an enriched community.

Vision Statement: Long Beach Community Action Partnership strives to be a recognized leader creating the standard for service excellence in the fight against poverty. Long Beach Community Action Partnership collaborates with a cohesive alliance of partners and stakeholders offering innovative programs and services that promote self-sustainability and celebrate community diversity and cultural differences while preserving the dignity and integrity of each individual.

As one of over 1,000 Community Action Agencies in the nation, the Organization is part of a poverty-fighting network that embraces the promise to change lives, embody the spirit of hope, improve communities, and make America a better place to live. As the Community Action Agency for the City of Long Beach and a provider of energy services throughout Eastern Los Angeles County, Long Beach Community Action Partnership serves a population of over 2.4 million residents, including more than 376,000 individuals living in poverty. To serve this community, LBCAP maintains a tripartite board of 12 members and a staff of 124 deployed at six program sites throughout Los Angeles County.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 1 – Organization (Continued)

The approach that the agency takes is client-driven and results-oriented. As a private nonprofit organization, Long Beach Community Action Partnership has operated programs targeted at low-income individuals and families since 1979. The programs and services of the Organization are diverse, but have a common, overriding goal: to help individuals and families achieve and maintain self-sustainability. Programs and services are developed, modified, and expanded based upon three factors:

- The needs of the community as expressed by its residents;
- Relevant statistical data and socio-economic characteristics of the community; and
- Feasibility of service provision based upon the availability of resources, presence of like-kind services in the community and existence of gaps in services and/or unmet community needs.

The Organization's programs have evolved over the years, but have generally fallen into one of four categories: energy conservation, education, training, and community development. Long Beach Community Action Partnership currently operates the following programs:

Energy Assistance

For low-income households, the Organization offers assistance with utility bill payments and weatherization services to improve energy efficiency as well as critical heating and cooling services to vulnerable populations during severe weather emergencies.

Youth Programs

The Organization offers a variety of educational opportunities, job training, skill enhancement classes, and support systems to eligible participants so that they can acquire the necessary job readiness skills to obtain and retain employment, as well as the necessary money management skills to build a savings plan or apply investment strategies. The Organization also offers youth programs to provide academic assistance, career development, and personal enrichment.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 1 – Organization (Continued)

Community Advocacy and Family Services

Through its collaborative efforts with other organizations and partner agencies, the Organization provides a gateway for individuals and families to have convenient access to a coordinated continuum of comprehensive programs and services designed to help them achieve self-sufficiency.

Public Access Digital Network (PADNET)

The Organization provides production classes, equipment, facilities, and low-cost production services to the community in support of locally produced news, information and entertainment cablecasts.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with US Generally Accepted Accounting Principles (GAAP).

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. As of December 31, 2014, the Organization had no temporarily or permanently restricted net assets. As of December 31, 2013, the Organization had no permanently restricted net assets.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Classification of Net Assets (Continued)

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. Such income generally includes interest, dividends, and realized and unrealized earnings from the corpus.

Use of Estimates

The Organization uses estimates and assumptions in preparing these financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, the reported amounts of revenues and other support, and expenses during the reporting period. Actual results could vary from those estimates.

Recognition of Revenue

Contributions received, including unconditional promises to give, are recognized as increases in net assets in the period received at their fair values. Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is when a stipulation of time restriction ends or a purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Similarly, grants used in community health activities are recognized initially as restricted support and are reclassified to unrestricted net assets once the restrictions are satisfied. Contributions that are received shortly after the fiscal year-end that are dated and designated by donors for that fiscal year are accrued as contributions receivable.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Recognition of Revenue (Continued)

During the years ended December 31, 2014 and 2013, the Organization facilitated the distribution of approximately \$5,176,000 and \$10,217,000, respectively, of utility payments from the state of California for the benefit of eligible energy program participants. Although the Organization was an integral part of distributing the state-directed donations by coordinating, arranging, and monitoring their distribution, the Organization has neither taken custody of these funds nor processed these payments. Therefore, in accordance with ASC 958-605-15, *Accounting for Contributions Received and Contributions Made*, these transactions were considered agency transactions and are not included in revenue and expenses on the statement of activities. However, the Organization is a recipient of funding from the state to offset the administrative expenses incurred from these agency transactions.

The Organization's grants received from government agencies are considered conditional contributions; however, they are not recognized as revenue until the conditions have been substantially met or the chance of not meeting the conditions is remote.

Cash and Cash Equivalents

The Organization considers cash on hand, deposits in banks, and short-term marketable securities with an original maturity of less than 90 days to be cash and cash equivalents for purposes of the statement of cash flows.

Property and Equipment

All assets purchased or received by donation that cost \$5,000 or more individually are capitalized. Assets purchased or received by donation that cost less than \$5,000 individually are expensed in the year purchased or received. All repairs and improvements to property or leasehold improvements that cost \$5,000 or more are also capitalized. The Organization provides for depreciation and amortization using the straight-line method over the estimated useful lives of the applicable assets, which are 10 to 25 years for leasehold improvements, 3 to 15 years for vehicles and equipment, and 7 to 10 years for capitalized software. Leasehold improvements are amortized on the straight-line basis using the shorter of the estimated useful lives of the assets or terms of the lease.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Donated Materials, Services, and Facilities

Donated materials and other noncash contributions when received, are reflected in the accompanying statements at their estimated market values at date of receipt. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements. A number of volunteers donate their time to the Organization. The volunteer services received by the Organization did not meet the above criteria and, therefore, are not reflected in the accompanying financial statements.

Fair Value Measurements

Fair value is the price that the Organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities;
- Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and
- Level 3 – unobservable inputs are used when little or no market data is available.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received by the Organization. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Transfers of assets under conditional promises, which are received by the Organization prior to fulfilling these conditions, are recorded as a liability until the conditions are substantially met.

Contributions of assets other than cash are recorded at their estimated fair value at the date the gift was received. Contributions to be received after one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using federal fund (risk-free) interest rates. Amortization of the discount is recorded as additional contribution revenue and used in accordance with any donor-imposed restrictions on the contributions. Contributions which are received and whose restrictions are met in the same period are recognized as temporarily restricted contribution revenue. When the donor restriction on these contributions is met and/or the implied time restriction has expired, the net assets are released from restriction in the statement of activities. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation. The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. The donor restrictions are considered met over the life of the long-lived asset and temporarily restricted net assets are released and reclassified to unrestricted net assets over the life of the long-lived asset in an amount equal to the depreciation expense on the long-lived asset.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

The Organization maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization's management believes that it is not exposed to any significant credit risk of cash or cash equivalents maintained in US financial institutions.

Income Taxes

The Organization has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the Revenue and Taxation Code, respectively.

The Organization recognizes the financial statement benefit of tax positions, such as filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Comparative Totals

The financial statements include certain prior-year summarized financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such financial information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized financial information was derived.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 3 – Investments

The following table summarizes the Organization’s investments in certificates of deposit in accordance with the fair value hierarchy:

<u>Bank</u>	<u>Maturity Date</u>	<u>Annual Percent Yield</u>	<u>Fair Value</u>	<u>Quoted Price in Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
<i>At December 31, 2013:</i>						
International City Bank	6/24/14	0.40%	\$ 101,205	None	\$ 101,205	None

NOTE 4 – Grants and Contracts Receivable

Grants and contracts receivable represent amounts accrued for work completed under grants and contracts. All amounts are due within the fiscal year and, therefore, are recorded at face value without discounting. No valuation allowance has been recorded against grants and contracts receivable as they are deemed by management to be fully collectible. At December 31, 2014 and 2013, approximately 86% and 85%, respectively, of grants and contracts receivable are due from the state of California.

NOTE 5 – Property and Equipment

Property and equipment is summarized as follows:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Equipment	\$ 1,570,297	\$ 1,357,104
Accumulated depreciation	(738,310)	(252,661)
Property and equipment, net	<u>\$ 831,987</u>	<u>\$ 1,104,443</u>

Depreciation of \$485,649 and \$233,082 for the years ended December 31, 2014 and 2013, respectively, is included in the statement of activities.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 5 – Property and Equipment (Continued)

Property and equipment acquired is owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, the funding sources have a reversionary interest in the property and equipment purchased with grant funds; its disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations. At December 31, 2014 and 2013, the net book value of property and equipment subject to reversionary interests approximates \$800,000 and \$1,000,000, respectively.

NOTE 6 – Refundable Contract Advances

Refundable contract advances represents monies received by the Organization from government agencies under existing contracts, which have not been earned as of year-end. At December 31, 2014 and 2013, advances on contracts amounted to \$693,338 and \$1,117,643, respectively.

Refundable advances are recognized as revenue as the Organization meets the conditions as stipulated in the contract between the Organization and the agencies providing the funding.

NOTE 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2014 and 2013 were available for the following purposes:

	December 31,	
	2014	2013
Self-Sufficiency Calculator		\$ 20,423
Individual development account		20,379
Fathers First program		9,213
Re-Thinking program		3,789
African-American Convening Committee		42,965
Men Making A Change		<u>12,042</u>
Total	<u>None</u>	<u>\$ 108,811</u>

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 8 – Commitments and Contingencies

Commitments

The Organization has a facilities lease agreement with The Salvation Army for 11,446 square feet of office and training space at 3012 Long Beach Boulevard. The lease terminated February 2015.

On November 14, 2014, the Organization entered into a seven-year lease agreement, commencing on January 31, 2015 for 11,693 square feet of office and training space at 117 Victoria Street.

Future minimum facilities and equipment lease commitments as of December 31, 2014 are payable as follows:

<u>Year Ending December 31,</u>	
2015	\$ 160,169
2016	179,876
2017	147,332
2018	151,190
2019	153,295
Thereafter	<u>398,264</u>
	<u>\$ 1,190,126</u>

Rent expenses for facilities and equipment for the years ended December 31, 2014 and 2013 totaled \$235,333 and \$288,375, respectively, and are included in the statement of activities.

Government Contract Contingencies and Economic Dependency

The Organization is dependent on continued funding provided by governmental agencies. The Department of Community Services and Development of the State of California (CSD) is the Organization's primary funding agency for Community Service Block Grant (CSBG), Low Income Home Energy Assistance Program (LIHEAP), and Department of Energy (DOE) programs. These programs are subject to change by an act of Congress or administrative changes mandated by the U.S. Department of Health and Human Services.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 8 – Commitments and Contingencies (Continued)

Government Contract Contingencies and Economic Dependency (Continued)

Current grant agreements with government agencies generally expire and renew annually; however, there can be no assurances that the Organization will be able to obtain future grant agreements from government agencies. Contracts from CSD are in place for CSBG LIHEAP and DOE through 2015.

During the years ended December 31, 2014 and 2013, approximately 88% and 83%, respectively, of the Organization's total support and revenue was provided by CSD.

Support and revenue from government grants are subject to government audit. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to and audited by the government. Until any such audit has been completed and a final settlement reached, there exists a contingent liability to refund any amount received in excess of allowable costs.

Legal Contingency

The Organization is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Organization's financial position or results of operations.

NOTE 9 – Employee Benefit Plan

On January 1, 2009, the Organization adopted the Long Beach Community Services Development Corporation 401(k) Plan (the Plan) to provide retirement benefits for its employees. The Plan provides tax-deferred salary deductions for substantially all employees as allowed under Section 401(k) of the Internal Revenue Code. Employees may contribute a portion of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Organization can also elect to make a contribution to the plan at its discretion. Employees vest in employer contributions ratably over a five-year period. The Organization's discretionary contributions to the Plan were \$30,910 and \$25,563 for the years ended December 31, 2014 and 2013, respectively.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 10 – Subsequent Events

Subsequent events were evaluated through July 9, 2015, which is the date the audited financial statements were available to be issued.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 14F-3020
FOR THE PERIOD JANUARY 1, 2014 THROUGH DECEMBER 31, 2014**

	<u>January 1, 2014 through December 31, 2014</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
REVENUE				
Grant revenue	\$ 662,889	\$ 662,889		\$ 731,604
EXPENDITURES				
Administration				
Salaries and wages	56,436	56,436	\$ 56,436	60,169
Fringe benefits	26,117	26,117	26,117	27,901
Operating expenses	42,553	42,553	42,553	49,550
Out-of-state travel	1,500	1,500	1,500	1,500
Contract/consultant services	1,200	1,200	1,200	1,200
Other costs	451	451	451	6,000
Total Administration Costs	<u>128,257</u>	<u>128,257</u>	<u>128,257</u>	<u>146,320</u>
Program				
Salaries and wages	185,788	185,788	185,788	185,918
Fringe benefits	56,654	56,654	56,654	59,383
Operating expenses	158,949	158,949	158,949	158,983
Subcontractor services	128,357	128,357	128,357	131,000
Other costs	4,884	4,884	4,884	50,000
Total Program Costs	<u>534,632</u>	<u>534,632</u>	<u>534,632</u>	<u>585,284</u>
TOTAL EXPENDITURES	<u>\$ 662,889</u>	<u>\$ 662,889</u>	<u>\$ 662,889</u>	<u>\$ 731,604</u>
Federal expenditures	\$ 662,889	\$ 662,889		
Non-federal expenditures	_____	_____		
TOTAL EXPENDITURES	<u>\$ 662,889</u>	<u>\$ 662,889</u>		

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 13F-3106
FOR THE PERIOD JUNE 1, 2013 THROUGH MAY 31, 2014**

	June 1, 2013 through December 31, 2013	January 1, 2014 through May 31, 2014	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant revenue	\$ 51,290	\$ 43,710	\$ 95,000		\$ 95,000
EXPENDITURES					
Administration					
Salaries and wages	2,102	3,341	5,443	\$ 5,443	5,443
Fringe benefits	1,194	1,117	2,311	2,311	2,311
Operating expenses	<u>1,356</u>	<u>2,290</u>	<u>3,646</u>	<u>3,646</u>	<u>3,646</u>
Total Administration Costs	<u>4,652</u>	<u>6,748</u>	<u>11,400</u>	<u>11,400</u>	<u>11,400</u>
Program					
Salaries and wages	19,067	16,293	35,360	35,360	35,360
Fringe benefits	5,241	4,311	9,552	12,001	13,790
Operating expenses	13,342	4,848	18,190	5,950	5,950
Out-of-state travel	102		102		
Subcontractor services	<u>8,988</u>	<u>11,408</u>	<u>20,396</u>	<u>30,289</u>	<u>28,500</u>
Total Program Costs	<u>46,740</u>	<u>36,860</u>	<u>83,600</u>	<u>83,600</u>	<u>83,600</u>
TOTAL EXPENDITURES	<u>\$ 51,392</u>	<u>\$ 43,608</u>	<u>\$ 95,000</u>	<u>\$ 95,000</u>	<u>\$ 95,000</u>
Federal expenditures	\$ 51,290	\$ 43,710	\$ 95,000		
Contractual adjustment	<u>102</u>	<u>(102)</u>			
TOTAL EXPENDITURES	<u>\$ 51,392</u>	<u>\$ 43,608</u>	<u>\$ 95,000</u>		

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 11C-1819
FOR THE PERIOD JANUARY 1, 2012 THROUGH MARCH 31, 2014**

	<u>January 1, 2012 through December 31, 2012</u>	<u>January 1, 2013 through December 31, 2013</u>	<u>January 1, 2014 through March 31, 2014</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
REVENUE						
Grant revenue	\$ 916	\$ 909,428	\$ 89,777	\$ 1,000,121		\$ 1,000,121
EXPENDITURES						
Administration						
Administrative costs	<u>96</u>	<u>92,287</u>	<u>8,831</u>	<u>101,214</u>	\$ 44,967	<u>44,967</u>
Program						
Training and technical assistance	800	2,584	178	3,562	3,562	4,250
Liability insurance		482		482	482	575
Vehicle insurance		4,348	266	4,614	4,613	5,250
Intake		5,530	738	6,268	6,268	6,850
Outreach	32	21,173	1,715	22,920	22,920	23,800
Workers' compensation		4,878	289	5,167	5,167	5,500
General/operating expenditures		81,802	2,230	84,032	94,922	97,275
Direct program activities		600,496	35,738	636,234	636,196	630,499
Health and safety activities		143,715	37,326	181,041	181,043	181,155
Total Program Costs	<u>832</u>	<u>865,008</u>	<u>78,480</u>	<u>944,320</u>	<u>955,173</u>	<u>955,154</u>
TOTAL EXPENDITURES	<u>\$ 928</u>	<u>\$ 957,295</u>	<u>\$ 87,311</u>	<u>\$ 1,045,534</u>	<u>\$ 1,000,140</u>	<u>\$ 1,000,121</u>
Federal expenditures	\$ 916	\$ 909,428	\$ 89,777	\$ 1,000,121		
Non-federal expenditures	12	45,382	19	45,413		
Contractual adjustment		2,485	(2,485)			
TOTAL EXPENDITURES	<u>\$ 928</u>	<u>\$ 957,295</u>	<u>\$ 87,311</u>	<u>\$ 1,045,534</u>		

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 14C-1818
FOR THE PERIOD AUGUST 1, 2014 THROUGH DECEMBER 31, 2014**

	<u>August 1, 2014 through December 31, 2014</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
REVENUE				
Grant revenue	\$ 1,357	\$ 1,357		\$ 297,998
EXPENDITURES				
Administration				
Administrative costs	<u>68</u>	<u>68</u>	<u>\$ 68</u>	<u>17,626</u>
Program				
Training and technical assistance				1,250
Liability insurance				3,000
Intake				4,750
Outreach				10,000
Workers' compensation				8,300
General/operating expenditures				12,500
Direct program activities	1,289	1,289	1,289	185,348
Health and safety activities				55,224
Total Program Costs	<u>1,289</u>	<u>1,289</u>	<u>1,289</u>	<u>280,372</u>
TOTAL EXPENDITURES	<u>\$ 1,357</u>	<u>\$ 1,357</u>	<u>\$ 1,357</u>	<u>\$ 297,998</u>
Federal expenditures	\$ 1,357	\$ 1,357		
Non-federal expenditures	<u> </u>	<u> </u>		
TOTAL EXPENDITURES	<u>\$ 1,357</u>	<u>\$ 1,357</u>		

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 13B-5019, EHA-16
FOR THE PERIOD JANUARY 1, 2013 THROUGH JANUARY 31, 2014**

	<u>January 1, 2013 through December 31, 2013</u>	<u>January 1, 2014 through January 31, 2014</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
REVENUE					
Grant revenue	\$ 960,633	\$ 307,650	\$ 1,268,283		\$ 1,452,847
EXPENDITURES					
Administration					
Administrative costs	<u>137,258</u>	<u>46,652</u>	<u>183,910</u>	\$ 183,910	<u>332,757</u>
Program					
Assurance 16 activities	316,995	61,372	378,367	378,367	390,000
Intake	69,863	8,808	78,671	78,671	89,500
Outreach	166,535	45,770	212,305	212,305	216,000
Training and technical assistance	28,830	2,240	31,070	31,070	37,500
ECIP/HEAP diagnostics	105	56	161	161	446
ECIP/HEAP cooling	601		601	601	601
ECIP/HEAP heating		2,655	2,655	2,655	1,088
ECIP/HEAP water heater repair/replacement	5,399	19,346	24,745	24,745	23,216
ECIP/HEAP other					6,908
SWEATS	1,581		1,581	1,581	1,581
Liability insurance	4,611	372	4,983	4,983	6,500
Workers' compensation	9,508	1,157	10,665	10,665	11,750
General operating expenditures	219,347	109,222	328,569	328,569	325,000
Automation supplemental		10,000	10,000	10,000	10,000
Total Program Costs	<u>823,375</u>	<u>260,998</u>	<u>1,084,373</u>	<u>1,084,372</u>	<u>1,120,090</u>
TOTAL EXPENDITURES	<u>\$ 960,633</u>	<u>\$ 307,650</u>	<u>\$ 1,268,283</u>	<u>\$ 1,268,283</u>	<u>\$ 1,452,847</u>
Federal expenditures	\$ 960,633	\$ 307,650	\$ 1,268,283		
Non-federal expenditures					
TOTAL EXPENDITURES	<u>\$ 960,633</u>	<u>\$ 307,650</u>	<u>\$ 1,268,283</u>		

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 13B-5019 WEATHERIZATION
FOR THE PERIOD JANUARY 1, 2013 THROUGH JANUARY 31, 2014**

	<u>January 1, 2013 through December 31, 2013</u>	<u>January 1, 2014 through January 31, 2014</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
REVENUE					
Grant revenue	\$ 1,974,050	\$ 556,168	\$ 2,530,218		\$ 2,662,190
EXPENDITURES					
Administration					
Administrative costs	<u>157,923</u>	<u>46,516</u>	<u>204,439</u>	\$ 202,417	<u>212,976</u>
Program					
Intake	25,225	5,039	30,264	30,264	37,250
Outreach	64,065	33,887	97,952	97,951	110,750
Training and technical assistance	9,448	1,229	10,677	10,677	34,250
Direct program activities	1,558,519	350,212	1,908,731	1,908,731	2,017,714
Liability insurance	10,695	1,816	12,511	12,511	9,750
Major vehicle and field equipment*	69,713	34,575	104,288	104,288	116,250
Minor vehicle and field equipment	15,940	20,974	36,914	36,914	12,750
Workers' compensation	8,344	2,061	10,405	10,405	11,750
General operating expenditures	<u>54,178</u>	<u>61,882</u>	<u>116,060</u>	<u>116,060</u>	<u>98,750</u>
Total Program Costs	<u>1,816,127</u>	<u>511,675</u>	<u>2,327,802</u>	<u>2,327,801</u>	<u>2,449,214</u>
TOTAL EXPENDITURES	<u>\$ 1,974,050</u>	<u>\$ 558,191</u>	<u>\$ 2,532,241</u>	<u>\$ 2,530,218</u>	<u>\$ 2,662,190</u>
Federal expenditures	\$ 1,974,050	\$ 556,168	\$ 2,530,218		
Non-federal expenditures	<u> </u>	<u>2,023</u>	<u>2,023</u>		
TOTAL EXPENDITURES	<u>\$ 1,974,050</u>	<u>\$ 558,191</u>	<u>\$ 2,532,241</u>		

* Capitalized and depreciated over the estimated useful life for financial statement reporting under U.S. GAAP.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 14B-5019, EHA-16
FOR THE PERIOD JANUARY 1, 2014 THROUGH DECEMBER 31, 2014**

	January 1, 2014 through December 31, 2014	Total Audited Costs	Total Reported Expenses	Total Budget
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUE				
Grant revenue	\$ 1,538,717	\$ 1,538,717		\$ 1,674,840
EXPENDITURES				
Administration				
Administrative costs	<u>258,300</u>	<u>258,300</u>	\$ 258,300	<u>298,008</u>
Program				
Assurance 16 activities	371,634	371,634	371,634	404,994
Intake	132,660	132,660	132,660	143,888
Outreach	198,316	198,316	198,316	216,300
Training and technical assistance	28,409	28,409	28,409	33,200
ECIP/HEAP diagnostics	11,090	11,090	11,090	11,175
ECIP/HEAP cooling	40,917	40,917	40,917	41,000
ECIP/HEAP heating	152,240	152,240	152,240	152,300
ECIP/HEAP water heater repair/replacement	61,975	61,975	61,975	62,000
ECIP/HEAP other	58,783	58,783	58,783	54,425
Liability insurance	9,435	9,435	9,435	10,300
Workers' compensation	13,824	13,824	13,824	15,250
General operating expenditures	194,134	194,134	194,134	225,000
Automation supplemental	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
Total Program Costs	<u>1,280,417</u>	<u>1,280,417</u>	<u>1,280,417</u>	<u>1,376,832</u>
TOTAL EXPENDITURES	<u>\$ 1,538,717</u>	<u>\$ 1,538,717</u>	<u>\$ 1,538,717</u>	<u>\$ 1,674,840</u>
Federal expenditures	\$ 1,538,717	\$ 1,538,717		
Non-federal expenditures	<u> </u>	<u> </u>		
TOTAL EXPENDITURES	<u>\$ 1,538,717</u>	<u>\$ 1,538,717</u>		

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 14B-5019 WEATHERIZATION
FOR THE PERIOD JANUARY 1, 2014 THROUGH DECEMBER 31, 2014**

	January 1, 2014 through December 31, 2014	Total Audited Costs	Total Reported Expenses	Total Budget
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUE				
Grant revenue	\$ 2,867,801	\$ 2,867,801		\$ 2,884,252
EXPENDITURES				
Administration				
Administrative costs	<u>229,423</u>	<u>229,423</u>	\$ 229,423	<u>230,741</u>
Program				
Intake	48,806	48,806	48,806	50,000
Outreach	96,873	96,873	96,873	100,750
Training and technical assistance	14,881	14,881	12,708	14,225
Direct program activities	2,164,879	2,164,879	2,164,879	2,179,286
Liability insurance	23,274	23,274	23,274	23,250
Workers' compensation	156,297	156,297	156,297	156,000
General operating expenditures	133,368	133,368	133,368	130,000
Training and technical assistance - SHWH			2,173	
Total Program Costs	<u>2,638,378</u>	<u>2,638,378</u>	<u>2,638,378</u>	<u>2,653,511</u>
TOTAL EXPENDITURES	<u>\$ 2,867,801</u>	<u>\$ 2,867,801</u>	<u>\$ 2,867,801</u>	<u>\$ 2,884,252</u>
Federal expenditures	\$ 2,867,801	\$ 2,867,801		
Non-federal expenditures	<u> </u>	<u> </u>		
TOTAL EXPENDITURES	<u>\$ 2,867,801</u>	<u>\$ 2,867,801</u>		