

JAMESTOWN COMMUNITY CENTER

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JULY 31, 2016**

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INTRODUCTORY SECTION

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JAMESTOWN COMMUNITY CENTER
Financial Statements
For the Year Ended July 31, 2016

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents.....	i
Board of Directors and Management Personnel.....	ii
FINANCIAL SECTION	
Independent Auditor's Report.....	1
Financial Statements	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Program Support, Revenues and Expenses	6
Notes to Financial Statements	7
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 <i>Government Auditing Standards</i>	15

JAMESTOWN COMMUNITY CENTER

**BOARD OF DIRECTORS AND
MANAGEMENT PERSONNEL**

JULY 31, 2016

BOARD OF DIRECTORS

Betty Pazmiño, President

Desiree Almendral

Lisa Bransten

Bob Frank

Gary Furney

Rich Gross

Renu Karir

Jessica Linares

Katie Brackenridge

Luis Barahona

Oscar Martinez

Efraim Barrera

MANAGEMENT

Myrna Melgar, Executive Director

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Jamestown Community Center
San Francisco, California

We have audited the accompanying financial statements of the Jamestown Community Center (Center), a nonprofit organization, which comprise the statement of financial position as of July 31, 2016, and the related statements of activities, cash flows and program support, revenues and expenses 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.

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 and 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 from 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 Center'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 Center'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 the Jamestown Community Center as of July 31, 2016, and the changes in its net assets and 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 April 21, 2017, on our consideration of the Center'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 the Center's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Jamestown Community Center's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2016. In our opinion, the summarized comparative information presented herein as of and for the 11-month period from September 1, 2014 through July 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Maze & Associates

Pleasant Hill, California
April 21, 2017

JAMESTOWN COMMUNITY CENTER
STATEMENT OF FINANCIAL POSITION
AS OF JULY 31, 2016
WITH COMPARATIVE AMOUNTS AS OF JULY 31, 2015

ASSETS	2016	2015
Cash in bank (Note 3)	\$6,750	\$11,726
Accounts receivable	463,290	544,076
Prepaid expenses and deposits	160	
Fixed assets, net of accumulated depreciation (Note 4)	1,566	2,986
Total Assets	<u>\$471,766</u>	<u>\$558,788</u>
LIABILITIES		
Accounts payable	\$28,693	\$48,985
Deposit payable	225	
Line of credit (Note 5)	150,000	150,000
Deferred revenue (Note 6)	9,027	5,810
Loans payable (Note 9)	30,000	40,000
Total Liabilities	<u>217,945</u>	<u>244,795</u>
NET ASSETS (Note 2A)		
Unrestricted:		
Designated for operating reserve	53,821	88,993
Temporarily restricted (Note 7A)	200,000	225,000
Total Net Assets	<u>253,821</u>	<u>313,993</u>
Total Liabilities and Net Assets	<u>\$471,766</u>	<u>\$558,788</u>

See accompanying notes to financial statements.

JAMESTOWN COMMUNITY CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2016
WITH SUMMARIZED INFORMATION FOR THE 11-MONTH PERIOD ENDED JULY 31, 2015

	Operating Account	Temporarily Restricted	Totals	
			2016	2015
REVENUES				
Government grants		\$1,337,185	\$1,337,185	\$1,242,220
Individual contributions	\$85,672		85,672	93,030
Foundations and corporations	467,359	75,000	542,359	605,737
Fundraising events	169,562		169,562	176,924
Investment earnings				4
Program fees	42,312		42,312	
Other income	39,385		39,385	55,659
Net assets released from restrictions:				
Satisfaction of usage restrictions (Note 7B)	1,437,185	(1,437,185)		
Total Revenues	2,241,475	(25,000)	2,216,475	2,173,574
EXPENSES				
Program services	1,873,163		1,873,163	1,667,729
Management and general	198,876		198,876	177,157
Fundraising	204,608		204,608	178,585
Total Expenses	2,276,647		2,276,647	2,023,471
CHANGE IN NET ASSETS	(35,172)	(25,000)	(60,172)	150,103
Net Assets, beginning of period	88,993	225,000	313,993	163,890
Net Assets, end of period	\$53,821	\$200,000	\$253,821	\$313,993

See accompanying notes to financial statements.

JAMESTOWN COMMUNITY CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2016
WITH SUMMARIZED INFORMATION FOR THE 11-MONTH PERIOD ENDED JULY 31, 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficit) of support and revenues over (under) expenses	(\$60,172)	\$150,103
Adjustments to reconcile to cash flows from operating activities:		
Depreciation	1,420	1,162
Decrease (increase) in receivables	80,786	(366,985)
(Increase) decrease in prepaids	(160)	984
(Decrease) increase in accounts payable	(20,292)	23,315
Increase in deposits payable	225	
Increase in deferred revenues	<u>3,217</u>	<u>3,855</u>
Total adjustments	<u>65,196</u>	<u>(337,669)</u>
Cash Flows Provided by (Used for) Operating Activities	<u>5,024</u>	<u>(187,566)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of capital assets	<u></u>	<u>(1,549)</u>
Cash Flows Used by Capital Activities	<u></u>	<u>(1,549)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on line of credit	150,000	150,000
Repayments on line of credit	(150,000)	(22,330)
Borrowings on loans payable		40,000
Repayment on loans payable	<u>(10,000)</u>	<u>(65,000)</u>
Cash Flows Provided (Used by) by Financing Activities	<u>(10,000)</u>	<u>102,670</u>
Net Cash Flows	(4,976)	(86,445)
Cash, beginning of period	<u>11,726</u>	<u>98,171</u>
Cash, end of period	<u><u>\$6,750</u></u>	<u><u>\$11,726</u></u>
Supplemental Disclosure of Cash Flow Information:		
Interest paid during the year	<u><u>\$8,319</u></u>	<u><u>\$1,691</u></u>

See accompanying notes to financial statements.

JAMESTOWN COMMUNITY CENTER
STATEMENT OF PROGRAM SUPPORT, REVENUES AND EXPENSES
FOR THE YEAR ENDED JULY 31, 2016
WITH SUMMARIZED INFORMATION FOR THE 11-MONTH PERIOD ENDED JULY 31, 2015

	Program Services	Management and General	Fundraising	Totals	
				2016	2015
SUPPORT AND REVENUES					
Government grants	\$1,336,338	\$847		\$1,337,185	\$1,242,220
Individual contributions	85,672			85,672	93,030
Foundations and corporations	377,734	164,625		542,359	605,737
Fundraising events			\$169,562	169,562	176,924
Investment earnings					4
Program fees	42,312			42,312	
Other income	14,502	16,713	8,170	39,385	55,659
Total Support and Revenues	<u>1,856,558</u>	<u>182,185</u>	<u>177,732</u>	<u>2,216,475</u>	<u>2,173,574</u>
FUNCTIONAL EXPENSES					
Director's salary	67,371	13,656	10,015	91,042	75,208
Other salaries and wages	1,193,009	98,248	112,283	1,403,540	1,273,199
Payroll taxes and benefits	197,475	18,807	18,807	235,089	204,578
Consultant fees	187,199	9,244	34,666	231,109	207,573
Supplies	53,780	7,776	3,240	64,796	64,397
Telephone	7,840	922	461	9,223	6,121
Postage and shipping	3,172	44	1,190	4,406	2,019
Reproduction	667	20	1,334	2,021	1,306
Travel and parking	962	53	53	1,068	120
Depreciation (Note 4)		1,420		1,420	1,162
Field and camping trips	17,499			17,499	23,740
Payroll processing fees	13,558	904	603	15,065	12,949
Insurance	9,350	12,467	2,158	23,975	20,107
Rent expenses	46,687	13,695	1,867	62,249	66,706
Audit fees	6,675	1,335	890	8,900	8,510
Staff and volunteer development	22,243	2,713	2,170	27,126	13,859
League entrance fees	37,867			37,867	9,395
Fundraising expenses			13,978	13,978	8,667
Interest		8,319		8,319	1,691
Other services	7,795	9,036	886	17,717	19,716
Miscellaneous	14	217	7	238	2,448
Total Functional Expenses	<u>1,873,163</u>	<u>198,876</u>	<u>204,608</u>	<u>2,276,647</u>	<u>2,023,471</u>
CHANGE IN NET ASSETS	<u>(\$16,605)</u>	<u>(\$16,691)</u>	<u>(\$26,876)</u>	<u>(\$60,172)</u>	<u>\$150,103</u>

See accompanying notes to financial statements.

JAMESTOWN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2016

NOTE 1 – REPORTING ENTITY

A. General

The Jamestown Community Center (Center) was incorporated on September 10, 1994. The Center is a private, nonprofit organization that provides educational, recreational, social and community services to the youth and parents in the Mission District and surrounding neighborhoods of San Francisco.

The Center's mission is to mobilize the resources of families, neighborhood residents and other community members to help young people realize their full potential as responsible and empowered members of society.

B. Programs

For over 40 years, the Jamestown Community Center has been providing learning opportunities and safe spaces for youth in the Mission District and surrounding neighborhoods of San Francisco. Our number of annual youth participation has grown significantly from 750 participants to at least 1,500 participants ranging from zero- to eighteen-year olds. Jamestown fulfills its mission with a full range of early education, educational enrichment, academic support, leadership, employment, sports and counseling and prevention programs.

Early Education Programs:

- *Growing Together.* A weekly two-hour language and literacy acquisition class for families with children 0-18 months.
- *Playing Together.* Weekly playgroups for families who have 18-36 month old children, focusing on social-emotional development, parent-child attachment, and early literacy skill development.
- *Reading Together.* Children, ages 3-5, and their parents have the opportunity to attend this drop-in literacy program once per week, either in the morning or afternoon. Activities focus on kindergarten preparedness and the importance of reading to a child.
- *Sharing Together.* Bimonthly Friday workshops for parents with children 0-5 years old. Each lesson focuses on either "language and literacy" or "understanding children's development and play". Parents are required to attend nine of the thirteen workshops. To ensure full parent participation, childcare is provided.
- *Jumpstart.* Weekly workshops serving children, ages 4-5, and their families. Instruction focuses on early literacy. The program is offered once per year prior to the start of kindergarten, and attendance is required.

Educational Enrichment Programs:

- *Sí Se Puede.* K-2nd graders are provided with academic support, as well as an enrichment or recreation activities.
- *Brain Soup.* Elementary school youth in 3rd-5th grade participate in after-school dance, multimedia, theater, recreation, and cooking classes with an emphasis on developing reading and writing skills.
- *Summer Playhouse.* Elementary school youth (K-5th grade) spend the summer season engaged in arts education and structured recreation, and also take field trips throughout San Francisco.
- *After-School Explorations (ASE).* Middle school youth take part in after-school cooking, skateboarding, and martial arts classes emphasizing decision-making and leadership skills.

**JAMESTOWN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2016**

NOTE 1 – REPORTING ENTITY (Continued)
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- *Summer Voyage.* In the summer, middle school youth plan and budget weekly activities and projects around a theme. Like ASE, decision-making and leadership skills are emphasized.

Academic Tutoring Program:

- *One on One Tutoring Program.* Elementary, middle, and high school youth who are performing one or more years below grade level receive intensive, individualized tutoring from college students.

Youth Leadership and Employment Programs:

- *Peer Education Program (PEP).* Youth, ages 17 to 19, create age-appropriate violence prevention and sexual/reproductive health workshops targeted at youth in Jamestown's programs. Peer Educators also co-facilitate peer support groups.
- *Youth In Charge (YIC).* Young people who have been with Jamestown for three or more years can serve in YIC, Jamestown's leadership corps. YIC gives the Executive Director and Board advice about program directions and budgets and represents Jamestown in the community.
- *Youth Apprentices Program (YAP).* High school youth interested in working with youth receive on-the-job training as apprentices in the enrichment programs, the Jamestown office, and other community based organizations' school-based programs. These youth work closely with mentors and attend bi-weekly job readiness training.

Sports Programs:

- *Organized Teams.* Boys and girls play on soccer (year-round) and baseball (summer) teams that compete in city-wide leagues. These programs also include workshops on health, sportsmanship, and gender-specific issues.
- *Middle School Girls Soccer.* Girls at two local middle schools play on two soccer teams, learn new skills, and participate in workshops on health, sportsmanship, and gender-specific issues. The teams compete against other middle school teams in the Mission through an indoor soccer tournament that is organized collaboratively by several community based organizations.
- *Girls and Boys Sports Camp.* In the summer, girls and boys further their soccer skills and participate in new activities, such as self-defense techniques, yoga, and fencing.
- *Drop-in Recreation.* Middle and high school youth participate in supervised after-school recreation at a local public school.

Counseling and Prevention Services:

- *Treehouse.* Treehouse is a guidance program for young men and women designed to address prevention of risky behavior, such as sexual activity, drug and alcohol use, and gang activity. Services include social support groups, clinical case management, and prevention and education programs.

Parent Programs:

- *Convivencia.* Convivencia includes workshops that address child-rearing issues and community-building activities for families throughout the year.
- *Leadership Group.* Parents participate in leadership training, determine an issue in the community of concern and develop a campaign to address the issue.

**JAMESTOWN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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A. *Basis of Accounting and Financial Statement Presentation*

The financial statements have been prepared on the accrual basis of accounting. Jamestown Community Center reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets consists of assets with time and purpose restrictions determined by the donor.

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

Designated for operating reserve – the Board has designated cash due to loss of revenues or other unanticipated significant changes in expenses in the amount of \$200,000 at July 31, 2016, however, the Center did not have \$200,000 in net assets at the end of July 31, 2016, and therefore, the entire balance is classified as designated.

Temporarily restricted net assets – Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the Center.

Permanently restricted net assets – net assets subject to donor imposed stipulations that are to be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned or related investments for general or specific purposes. The Center currently has no permanently restricted net assets.

B. *Contributions and Grants*

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Jamestown Community Center considers that all contributions for long-lived assets have implied time restrictions and classifies this support as temporarily restricted until the purpose restriction is met. When a restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

C. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

JAMESTOWN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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D. Income Taxes

The Center is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Center paid no taxes on unrelated business income for the year ended July 31, 2016.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that the Center does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Center's tax returns will not be challenged by the taxing authorities and that the Center will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Center's tax returns remain open for federal income tax examination for three years from the date of filing.

E. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Those expenses which cannot be specifically identified by function type have been allocated to functions based upon management's best estimate of usage.

F. Advertising Costs

Advertising costs, if any, are expensed as incurred.

G. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect the management's judgment about the assumptions that market participants would use in pricing the asset or liability.

**JAMESTOWN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2016**

NOTE 3 - CASH IN BANK

Cash in banks and are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 each.

NOTE 4 - FIXED ASSETS

Property and equipment is valued at purchase price cost or estimated fair value at date of donation and is depreciated on the straight-line basis over useful lives of three or five years. Property and equipment balances and activity are summarized below for the year ended July 31, 2016:

	Balance, 7/31/15	Additions	Balance, 7/31/16
Equipment	\$24,087		\$24,087
Sub-total	24,087		24,087
Accumulated depreciation	(21,101)	(\$1,420)	(22,521)
Total fixed assets, net	<u>\$2,986</u>		<u>\$1,566</u>

NOTE 5 - LINE OF CREDIT

During fiscal year 2014-15, the Center obtained a \$150,000 line of credit with Northern California Community Loan Fund (NCCLF). The line bears interest at 7.0%. The balance of \$150,000 owed at July 31, 2015 was repaid during fiscal year 2015-16.

During fiscal year 2015-16, the Center was approved for an extension of its Revolving Line of Credit Loan with NCCLF in the amount of \$150,000. The line bears interest at 6.5%. At July 31, 2016, the Center had a balance outstanding of \$150,000.

NOTE 6 - DEFERRED REVENUE

The Center obtains cost-reimbursement contracts from various sources. Under the terms of these agreements, funds are advanced to finance program expenditures and are conditional on performance of the agreement. Deferred revenue constitutes the excess of advances over related program expenditures and comprised the following at July 31, 2016:

<u>Organization</u>	
Unearned Soccer League Fees	<u>\$9,027</u>
Total Deferred Revenue	<u>\$9,027</u>

**JAMESTOWN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2016**

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

A. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30:

	2016	2015
Youth Apprentice Program	\$125,000	\$225,000
Development	60,000	
Cesar Chavez	7,500	
Buena Vista Horace Mann	7,500	
	<u>\$200,000</u>	<u>\$225,000</u>

B. Temporarily Restricted Net Assets Released from Donor Restriction

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purpose specified by donors as follows during the year ended June 30:

	2016	2015
Buena Vista Horace Mann	\$245,515	\$258,808
Cesar Chavez	402,498	329,582
James Lick	230,360	173,956
One Purpose	30,506	
League Soccer	127,814	78,815
Treehouse	50,978	54,229
Youth Apprentice Program	125,416	
SF Team		50,714
Summer Programs	223,251	296,116
Administration	847	
	<u>\$1,437,185</u>	<u>\$1,242,220</u>

NOTE 8- RETIREMENT PLAN

The Center has a contributory retirement/savings plan. The plan covers substantially all full-time employees who meet certain service requirements. Under the terms of the plan, contributions are made under Section 403(b) of the Code and are invested, at the discretion of the plan participant, in one or more of the investment vehicles available under the plan. This program is funded only by elective deferrals by participating employees.

JAMESTOWN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2016

NOTE 9 – LEASE AGREEMENT

On September 1, 2013, the Center entered into an agreement to lease office space. The term of the lease expired on August 31, 2016. During fiscal year 2015-16, total rent expense amounted to \$44,400.

On September 1, 2016, the Center entered into an agreement to lease office space. The term of the lease is through August 31, 2019, with a monthly base rent of \$3,750 for the first year, increasing to \$3,800 in the second year and \$3,850 in the third year. The total future minimum rent payments are as follows:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2017	\$45,000
2018	45,600
2019	46,200

NOTE 10 – RELATED PARTY TRANSACTIONS

During fiscal year 2014-15, the Executive Director of the Center provided loans to the Center amounting to \$40,000, bearing an annual interest rate of 0.23%. As of July 31, 2016, the loans had an outstanding balance of \$30,000.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April, 21, 2017 the date on which financial statements were available to be issued. Management concluded that no material subsequent events have occurred since July 31, 2016 that requires recognition or disclosure in such financial statements.

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**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**

To the Board of Directors of the
Jamestown Community Center
San Francisco, California

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 basic financial statements of the Jamestown Community Center (Center), as of and for the year ended July 31, 2016, and have issued our report thereon dated April 21, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 Center's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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 the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated April 21, 2017 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
April 21, 2017