CANAL ALLIANCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2016

Goranson and Associates, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Canal Alliance
San Rafael, California

We have audited the accompanying financial statements of the Canal Alliance (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, 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.

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. 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 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.

Goranson and Associates, Inc.
717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Canal Alliance as of June 30, 2016, 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 Canal Alliance's financial statements for the year ended June 30, 2015, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

November 16, 2016
Santa Rosa, California

CANAL ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(with summarized comparative totals for June 30, 2015)

	2016	2015
ASSETS		
Current assets:		
Cash	$ 865,086	$ 813,848
Short term investments	50,250	50,085
Grants and contracts receivable, net of bad debt allowance of $23,642	1,412,157	881,257
Accounts and other receivables	82,433	88,688
Prepaid expenses and other assets	40,147	31,319
Total current assets	2,450,073	1,865,197
Fixed assets:		
Furniture and equipment	415,523	415,523
Leasehold improvements	173,866	173,866
Subtotal	589,389	589,389
Less accumulated depreciation	(477,715)	(424,996)
Net fixed assets	111,674	164,393
Other assets:		
Beneficial interest in assets held by Marin Community Foundation	72,259	73,398
Deposits	2,850	2,850
Total other assets	75,109	76,248
Total assets	$ 2,636,856	$ 2,105,838
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 24,294	$ 32,332
Accrued compensation	73,504	85,364
Deferred revenue	850	2,350
Total liabilities	98,648	120,046
Net assets:		
Unrestricted	875,318	837,784
Temporarily restricted	1,601,890	1,087,008
Permanently restricted	61,000	61,000
Total net assets	2,538,208	1,985,792
Total liabilities and net assets	$ 2,636,856	$ 2,105,838

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(with summarized comparative totals for the year ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
SUPPORT AND REVENUE:					
Grants and awards	$ 545,516	$ 1,577,890		$ 2,123,406	$ 2,099,601
In-kind contributions	1,352,820			1,352,820	1,390,413
Contributions	712,081	104,167		816,248	1,061,880
Government contracts	406,372			406,372	331,461
Program fees	149,032			149,032	126,839
Administrative fees	30,000			30,000	30,000
Interest and other income	(603)			(603)	1,177
Net assets released from restriction	1,167,175	(1,167,175)		-	-
Total support and revenue	4,362,393	514,882		4,877,275	5,041,371
EXPENSES:					
Program:					
Family resources	1,742,055			1,742,055	1,706,752
Economic development	614,735			614,735	684,693
Children and youth services	620,094			620,094	572,304
Immigration	476,271			476,271	379,615
Total program services	3,453,155			3,453,155	3,343,364
Supporting services:					
Management and general	512,682			512,682	528,203
Fundraising	359,022			359,022	313,436
Total supporting services	871,704			871,704	841,639
Total expenses	4,324,859			4,324,859	4,185,003
CHANGE IN NET ASSETS	37,534	514,882		552,416	856,368
NET ASSETS, BEGINNING	837,784	1,087,008	$ 61,000	1,985,792	1,129,424
NET ASSETS, ENDING	$ 875,318	$ 1,601,890	$ 61,000	$ 2,538,208	$ 1,985,792

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(with summarized comparative totals for the year ended June 30, 2015)

	Family Resources	Economic Development	Children and Youth Services	Immigration	Total Program Expense	Management and General	Fundraising	Shared costs	2016 Total	2015 Total
Salaries and benefits	$ 391,472	$ 302,862	$ 331,043	$363,005	$ 1,388,382	$ 380,482	$254,091	$101,791	$ 2,124,746	1,860,720
Direct assistance (In-kind)	1,139,714	164,297	46,184	2,625	1,352,820	-	-	-	1,352,820	1,390,413
Client support	19,514	-	-	1,390	20,904	-	-	-	20,904	21,897
Occupancy	45,496	45,496	88,316	32,115	211,423	26,830	29,439	8,096	275,788	313,236
Professional & contract services	23,288	19,257	2,137	330	45,012	35,765	-	68,841	149,618	119,512
Scholarships	-	-	57,000	-	57,000	-	-	-	57,000	44,500
Staff development and travel	3,429	625	17,871	4,293	26,218	5,407	6,819	1,393	39,837	40,833
Dues, fees and charges	116	-	713	5,223	6,052	2,226	432	599	9,309	12,003
Program books, equipment & supplies	3,508	213	-	387	4,108	-	125	-	4,233	39,776
Program snacks & meals	2,026	260	619	-	2,905	196	-	-	3,101	6,314
Program costs	-	23,723	2,686	2,563	28,972	250	-	-	29,222	28,533
Stipends	27,915	-	-	-	27,915	50	-	-	27,965	30,716
Equipment leases & maintenance	-	-	-	2,275	2,275	-	-	18,893	21,168	23,836
Interest expense	-	-	-	-	-	216	-	-	216	258
Supplies & equipment	894	366	3,643	13,131	18,034	630	3,536	64,088	86,288	63,290
Insurance	-	-	143	2,343	2,486	12,455	-	-	14,941	15,311
Advertising	-	-	-	-	-	-	-	1,923	1,923	1,502
Bad debt expense	23,643	-	-	-	23,643	-	-	-	23,643	-
Postage & printing	1,303	288	301	3,193	5,085	220	15,602	4,377	25,284	15,547
Operating costs	36,799	34,410	46,500	20,460	138,169	25,016	26,040	(185,091)	4,134	9,816
Technical support	22,938	22,938	22,938	22,938	91,752	22,939	22,938	(137,629)	-	86,696
Subtotal	1,742,055	614,735	620,094	476,271	3,453,155	512,682	359,022	(52,719)	4,272,140	4,124,709
Depreciation	-	-	-	-	-	-	-	52,719	52,719	60,294
Total expenses	$1,742,055	$ 614,735	$ 620,094	$476,271	$ 3,453,155	$ 512,682	$359,022	$ -	$ 4,324,859	$ 4,185,003

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(with summarized comparative totals for the year ended June 30, 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 552,416	$ 856,368
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	52,719	60,294
Net unrealized gain on investments	(27)	(27)
(Increase) decrease in:		
Grants and contracts receivable	(530,900)	(534,061)
Accounts and other receivables	6,255	374
Prepaid expenses and other assets	(8,828)	255
Increase (decrease) in:		
Accounts payable and accrued expenses	(8,038)	20,172
Accrued compensation	(11,860)	(13,053)
Due to pass-through agencies	-	-
Deferred revenue	(1,500)	2,350
Total cash provided (used) by operations	50,237	392,672
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	1,001	(50,497)
Purchase of fixed assets	-	(112,568)
Total cash provided (used) by investing	1,001	(163,065)
NET CHANGE IN CASH	51,238	229,607
CASH, beginning of year	813,848	584,241
CASH, end of year	$ 865,086	$ 813,848

The accompanying notes are an integral part of these financial statements

NOTE 1 ORGANIZATION

Canal Alliance (Organization) was founded in 1982. For more than three decades, the Organization has been the leading service provider and community advocate for Marin's low-income, Spanish-speaking immigrants. The Organization annually reaches more than 3,000 young people, families and individuals who face multiple challenges. By effectively collaborating with at least 30 other agencies and 400 volunteers, the Organization delivers education services; improves access to community resources; and provides business training and job-seeking support. Programs are successful in moving vulnerable immigrants, who fled their home countries to escape poverty and/or persecution, from crisis to stability and finally to thriving.

Public officials and community caregivers view the Organization as the "go-to" organization to reach the Spanish-speaking, immigrant population of greater Marin County to address immigration integration issues. The Organization and its partners are proud to empower Spanish-speaking, immigrant community members to be fully engaged and participate in our community.

The Organization provides an array of services to address the basic survival, educational and economic development needs of low-income, Spanish-speaking immigrants. The Organization's core services include: University Prep! for students, Family Services and Referrals to increase stability, ESL Classes, Immigration Legal Services, Computer Classes, and Healthy Food Distribution.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of the accounting in accordance with accounting principles generally accepted in the United States of America. Under these guidelines, balances and transactions have been presented according to the existence or absence of donor-imposed restrictions.

Unrestricted – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net Assets subject to donor-imposed stipulations that may or will be met by actions of the Organization to meet the stipulations or that become unrestricted at the date specified by the donor.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor.

Net assets released from restriction – Temporarily restricted net assets are released to unrestricted net assets when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Other basis of presentation policies – Revenues or support are reported as increases in unrestricted net assets unless subject to donor-imposed restrictions. If temporary restrictions are fulfilled in the same time period the revenue or support is received, the Organization reports the revenue or support as unrestricted. Expenses are reported as decreased in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents – The Organization considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk – The Organization maintains cash balances at local financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times during the year, the Organization held cash and cash equivalent balances in excess of federally insured limits. The amount in excess of the FDIC limit totaled $663,778 from one institution at June 30, 2016.

Accounts receivable – Receivables are monies due from various sources for services performed the prior month. Allowances for non-payment of receivables are provided based on management's estimates. Management believes receivables at June 30, 2016 will be fully collectible; accordingly, no allowance for uncollectible receivables is recorded.

Grants and contracts receivable – Grants and contracts receivables are monies that are outstanding from signed private grants and government contracts that have not been paid at yearend. At June 30, 2016, there is a contract that is past due and is likely not to be paid. For that reason, there an allowance for bad debt was created. The amount of the allowance for bad debt is $23,642 at June 30, 2016.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measures – The Organization reports its fair value measures by using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

The three level of the fair value hierarchy under GAAP are:

> *Level 1* – Unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities.
>
> *Level 2* – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.
>
> *Level 3* – Prices for valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (inputs are supported by little or no market activity).

Investments – Investments are certificates of deposits and pooled investment funds and are reported at their fair values in the statement of financial position. The fair value of the certificates of deposits are based upon quoted prices in active markets (Level 1 measurements). The fair value of pooled investment funds is based upon quoted prices for similar securities in active markets (Level 3 measurements). Realized and unrealized gains and losses are included in the change in net assets and are included in the statement of activities as net realized and unrealized gains on investments.

Fixed Assets – The Organization capitalizes all expenditures for property and equipment in excess of $5,000. Fixed assets are carried at cost or at estimated fair market value at date of donation. Depreciation is calculated using the straight-line method over the useful life of the asset, usually five to forty years.

Income Taxes – The Organization is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Organization is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes, continued – Management of the Organization considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Organization's status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and, therefore, no provision for income taxes has been provided in these financial statements. The Organization's tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

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

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Donated Services and Items – Some people have contributed amounts of time and inventory to the activities of the Organization without compensation. The financial statements do not reflect the value of those contributed services and items, because no reliable basis exists for determining an appropriate valuation, with the exception for specialized services as allowed by generally accepted accounting principles.

Summarized 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 Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

NOTE 3 FAIR VALUE MEASUREMENTS AND INVESTMENTS

The following table presents the assets and liabilities recognized in the accompanying statements of financial position that are measured at fair value on a recurring basis and the level within the fair value hierarchy in which those fair value measurements fall at June 30, 2016:

	Total	Level 1	Level 3
Certificates of deposit	$ 50,250	$ 50,250	$ -
Pooled investment funds	72,259	-	72,259
Total	$ 122,509	$ 50,250	$ 72,259

Investment earnings are as follows for the year ended June 30, 2016:

Investment loss	$ (603)

NOTE 4 BENEFICIAL INTEREST IN ASSETS HELD BY MARIN COMMUNITY FOUNDATION

Assets held by the Marin Community Foundation are essentially an endowed component fund (Fund) for the benefit of the Organization. The Organization has granted the Foundation variance power which gives the Foundation's Board of Trustees (Trustees) the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies. The Trustees shall determine distributions to be made from assets of the Fund with the advice from the Organization. The recommendations of the Organization are advisory only and not binding on the Trustees. The Trustees may authorize distributions consistent with the prevailing spending rule of the Foundation at such intervals as they shall deem appropriate after having considered the recommendations for the Organization. The Organization reports the fair value of the Fund as Beneficial Interest in Assets Held by the Marin Community Foundation in the statement of financial position and reports distributions received as investment income. Changes in the value of the Fund are reported as gains or losses in the statement of activities.

Balance, beginning of year	$ 73,398
Interest, dividends, unrealized loss	(1,139)
Balance at June 30, 2016	$ 72,259

NOTE 5 LINE OF CREDIT

The Organization has a revolving line of credit for $200,000 with Bank of Marin. The line of credit expires January 2017. As of June 30, 2016, there is no outstanding balance. Interest is payable at prime rate plus 1.5 percent, which was 3.25 percent at June 30, 2016. The line of credit is secured by substantially all assets of the Organization. There are non-financial covenants related to this line of credit that the Organization must comply with.

NOTE 6 UNRESTRICTED NET ASSETS

Unrestricted net assets at June 30, 2016 are as follows:

Net investment in fixed assets	$ 11,674
Undesignated	863,644
Total	$ 875,318

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of June 30, 2016 are as follows:

Family resources	$ 1,066,690
Economic development	210,000
Children and youth services	177,500
Immigration	147,700
Total	$ 1,601,890

NOTE 8 PERMANENTLY RESTRICTED NET ASSETS

The Organization received donations which must be invested in perpetuity and remain permanently restricted. Only the earnings from the investment may be used at the Board's discretion. Any negative changes in the fair value of these funds must come out of the Organization's unrestricted or temporarily restricted funds, and would, therefore, not change the permanently restricted amount.

NOTE 8 PERMANENTLY RESTRICTED NET ASSETS (continued)

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted California's enacted version of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the preservation of the fair market value of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration.

During the year ended June 30, 2016, the Organization received loss of $1,139 which had not been appropriated for expenditure.

Changes in the Beneficial Interest in Assets Held by Marin Community Foundation for the year ended June 30, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beneficial interest, beginning	$ 12,398	$ -	$ 61,000	$ 73,398
Investment loss	(1,139)	-	-	(1,139)
Beneficial interest, June 30, 2016	$ 11,259	$ -	$ 61,000	$ 72,259

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the other events specified by donors during the year ended June 30, 2016 as follows:

Family resources	$ 274,417
Economic development	196,633
Children and youth services	285,000
Immigration	375,099
Immigration	36,026
Total	$ 1,167,175

NOTE 10 RETIREMENT PLAN

The Organization has established a defined contribution retirement plan for eligible employees, sponsored by the Organization through Vanguard and American Funds. Employees are eligible if they are 21 years of age or older. All eligible employees may make voluntary contributions by salary reduction to the plan, up to the limit allowed by law. The Organization does not contribute to the plan.

NOTE 11 RELATED NONPROFIT ENTITY

The Organization is related to Canal Housing Alliance through common administration, and as a mortgage guarantor. Each organization has a financial interest in the other; however, neither controls the other. Accordingly, consolidation is not permitted.

The amount of mortgages guaranteed at June 30, 2016 was $951,000, for which payments are being made from the rental income earned from the tenants residing in the housing units. Examples of events that would require the Organization to provide a cash payment pursuant to the guarantee include loan default, which would result from Canal Housing Alliance’s failure to service its debt when due or noncompliance with financial covenants, and inadequacy of asset collateral.

NOTE 11 RELATED NONPROFIT ENTITY (continued)

Because the fair value of Canal Housing Alliance's asset collateral exceeds the amount of the debt obligation, significant losses are not anticipated. There is currently no recorded liability from potential losses under this guarantee, nor is there any liability for the Organization's obligation to "stand ready" to fund such guarantee. Based on information gathered as part of its monitoring of risks, the Organization believes there is only a remote possibility Canal Housing Alliance will not remain current with its debt payments and the Organization will be required un this guarantee. The latest of the three mortgages expires in March 2034.

A portion of the executive director, the finance director, and the office manager's time is spent working at Canal Housing Alliance. In exchange for the administrative service, the Organization charges an annual fee of $30,000. During the year ended June 30, 2016, Canal Housing Alliance paid $30,000 to the Organization. At June 30, 2016, Canal Housing Alliance owed the Organization $80,988.

A summary of Canal Housing Alliance's unaudited financial information as of and for the year ended June 30, 2016 is as follows:

Assets	$ 1,169,325
Liabilities	1,060,018
Net assets	$ 109,307
Revenue	$ 179,679
Expenses	173,084
Change in net assets	$ 6,595

NOTE 12 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

During the year ended June 30, 2016, the Organization paid $216 in interest.

NOTE 13 COMMITMENTS AND CONTINGENCIES

The Organization is obligated under a non-cancelable operating lease agreement for its facilities at 91 Larkspur Street and 130 Alto Street, San Rafael, California. The monthly lease payments range from $17,926 to $18,654 through the life of the lease. The lease expires in March 2021.

The Organization is also under contracts for rented office equipment. Monthly payments range from $106 to $841. The contracts expire at various times.

The following is a schedule of the minimum lease commitments for the years ending June 30:

2017	$ 236,603
2018	238,757
2019	235,584
2020	222,183
2021	167,886

Rent expense and equipment lease expense for the year ended June 30, 2016 were $215,576 and $21,163, respectively.

Conditions contained within the various contracts awarded to the Organization are subject to the funding agencies' criteria and regulations under which expenditures may be charged against and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not apply with the established criteria governing them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to reductions of future funding in the amount of such costs. Management does not anticipate any material questioned costs for the contracts and grants administered through the year ended June 30, 2016.

NOTE 14 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 16, 2016, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2016 that would have a material impact on the Organization's results of operations or financial position.