CANAL ALLIANCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2017

Goranson and Associates, Inc.

TABLE OF CONTENTS

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, 2017, 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, 2017, 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, 2016, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

December 8, 2017
Santa Rosa, California

CANAL ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(with summarized comparative totals for June 30, 2016)

	2017	2016
ASSETS		
Current assets:		
Cash	$ 1,905,828	$ 894,896
Short term investments	50,396	50,250
Grants and contracts receivable, net of bad debt allowance of $23,642	1,203,910	1,412,157
Accounts and other receivables	4,452	82,433
Prepaid expenses and other assets	37,443	42,878
Total current assets	3,202,029	2,482,614
Fixed assets:		
Land	463,735	463,735
Buildings and improvements	1,397,798	1,397,798
Furniture and equipment	415,523	415,523
Leasehold improvements	173,866	173,866
Subtotal	2,450,922	2,450,922
Less accumulated depreciation	(1,303,179)	(1,226,447)
Net fixed assets	1,147,743	1,224,475
Other assets:		
Beneficial interest in assets held by Marin Community Foundation	80,894	72,259
Deposits	2,850	2,850
Total other assets	83,744	75,109
Total assets	$ 4,433,516	$ 3,782,198

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

(with summarized comparative totals for June 30, 2016)

	2017	2016
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 90,949	$ 107,627
Accrued compensation	81,627	73,505
Deferred revenue	-	850
Security deposits	9,408	9,408
Current portion of long term debt	22,189	21,502
Total current liabilities	204,173	212,892
Long-term debt, net of current portion	895,418	917,369
Total liabilites	1,099,591	1,130,261
Net assets:		
Unrestricted	1,181,530	989,047
Temporarily restricted	2,091,395	1,601,890
Permanently restricted	61,000	61,000
Total net assets	3,333,925	2,651,937
Total liabilities and net assets	$ 4,433,516	$ 3,782,198

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(with summarized comparative totals for the year ended June 30, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
SUPPORT AND REVENUE:					
Grants and awards	$ 930,941	$ 1,461,445		$ 2,392,386	$ 2,123,406
In-kind contributions	1,297,185	-		1,297,185	1,352,820
Contributions	692,542	410,000		1,102,542	816,248
Government contracts	640,406	-		640,406	406,372
Program fees	167,513	-		167,513	149,032
Housing rental fees	179,904	-		179,904	179,904
Interest and other income	9,821	-		9,821	(603)
Net assets released from restriction	1,381,940	(1,381,940)		-	-
Total support and revenue	5,300,252	489,505		5,789,757	5,027,179
EXPENSES:					
Program:					
Family resources	1,747,665			1,747,665	1,742,055
Economic development	602,805			602,805	614,735
Children and youth services	792,007			792,007	620,094
Immigration	600,693			600,693	476,271
Canal housing	169,181			169,181	145,481
Total program services	3,912,351			3,912,351	3,598,636
Supporting services:					
Management and general	763,568			763,568	512,682
Fundraising	431,850			431,850	359,022
Total supporting services	1,195,418			1,195,418	871,704
Total expenses	5,107,769			5,107,769	4,470,340
CHANGE IN NET ASSETS	192,483	489,505		681,988	556,839
NET ASSETS, BEGINNING	989,047	1,601,890	$ 61,000	2,651,937	1,985,792
Prior period adjustment	-	-	-	-	109,306
NET ASSETS, BEGINNING RESTATED	989,047	1,601,890	61,000	2,651,937	2,095,098
NET ASSETS, ENDING	$ 1,181,530	$ 2,091,395	$ 61,000	$ 3,333,925	$ 2,651,937

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(with summarized comparative totals for the year ended June 30, 2016)

	Family Resources	Economic Development	Children and Youth Services	Immigration	Canal Housing	Total Program Expense	Management and General	Fundraising	Shared costs	2017 Total	2016 Total
Salaries and benefits	$ 453,921	$ 262,732	$ 468,962	$ 423,994	-	$ 1,609,609	$ 509,088	$ 279,280	$ 100,881	$ 2,498,858	$ 2,124,746
Direct assistance (In-kind)	1,071,212	164,409	53,097	5,582	-	1,294,300	2,885	100	-	1,297,285	1,352,820
Client support	22,819	-	882	205	-	23,906	-	-	-	23,906	20,904
Occupancy	50,753	49,990	97,280	35,287	$ 6,643	239,953	30,216	32,347	(5,240)	297,276	293,740
Professional & contract services	41,237	33,898	17,298	28,090	10,966	131,489	114,634	7,184	117,957	371,264	149,618
Scholarships	-	-	51,750	-	-	51,750	-	-	-	51,750	57,000
Staff development and travel	5,539	1,014	13,971	12,878	-	33,402	18,767	22,468	3,054	77,691	39,837
Dues, fees and charges	250	-	95	3,901	59,778	64,024	18,760	2,907	1,145	86,836	54,309
Program books, equipment & supplies	3,173	23,952	2,340	3,499	-	32,964	-	3,141	-	36,105	4,233
Program costs	1,298	274	1,335	3,107	-	6,014	(142)	2,635	-	8,507	32,323
Stipends	27,588	-	-	-	-	27,588	740	-	-	28,328	27,965
Equipment leases & maintenance	-	-	-	2,520	-	2,520	-	-	17,114	19,634	21,168
Interest expense	-	-	-	-	36,026	36,026	-	-	-	36,026	37,076
Supplies & equipment	-	-	5,219	18,285	-	23,504	2,634	4,198	99,284	129,620	86,288
Insurance	-	-	-	3,116	10,001	13,117	13,420	-	-	26,537	19,307
Advertising	-	36	-	-	-	36	-	20	7,235	7,291	1,923
Bad debt expense	-	-	-	-	-	-	-	-	-	-	23,643
Postage & printing	420	77	217	8,965	-	9,679	292	20,242	3,910	34,123	25,284
Operating costs	40,425	37,393	50,531	22,234	-	150,583	23,244	28,298	(202,125)	-	4,194
Technical support	29,030	29,030	29,030	29,030	-	116,120	29,030	29,030	(174,180)	-	-
Subtotal	1,747,665	602,805	792,007	600,693	123,414	3,866,584	763,568	431,850	(30,965)	5,031,037	4,376,378
Depreciation	-	-	-	-	45,767	45,767	-	-	30,965	76,732	93,962
Total expenses	$ 1,747,665	$ 602,805	$ 792,007	$ 600,693	$ 169,181	$ 3,912,351	$ 763,568	$ 431,850	$ -	$ 5,107,769	$ 4,470,340

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(with summarized comparative totals for the year ended June 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 681,988	$ 552,416
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	76,732	86,437
Net unrealized gain on investments	(146)	(27)
(Increase) decrease in:		
Grants and contracts receivable	208,247	(530,900)
Accounts and other receivables	77,981	20,579
Prepaid expenses and other assets	5,435	(11,559)
Increase (decrease) in:		
Accounts payable and accrued expenses	(16,678)	(16,013)
Accrued compensation	8,122	(11,860)
Deferred revenue	(850)	(1,500)
Total cash provided by operations	1,040,831	87,573
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(8,635)	5,424
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(21,264)	(20,430)
NET CHANGE IN CASH	1,010,932	72,567
CASH, beginning of year	894,896	822,329
CASH, end of year	$ 1,905,828	$ 894,896
Supplemental information:		
Cash paid for interest	$ 36,026	$ 37,076

The accompanying notes are an integral part of these financial statements

NOTE 1 ORGANIZATION

Founded in 1982, Canal Alliance (Organization) has been the leading service provider and community advocate for Marin's extremely low-income Latino immigrant community for 35 years. Each year, the Organization collaborates with over 40 agencies and engages 500 volunteers to serve more than 4,000 individuals and families. Canal Alliance was recognized in June 2017 as a California Nonprofit of the Year by the California State Assembly in partnership with the California Association of Nonprofits.

The Organization is located in, and primarily serves immigrants residing in, the Canal neighborhood of San Rafael, which is geographically isolated and densely populated with over 12,000 residents in a two-square mile radius. Most clients come from remote areas of Guatemala, El Salvador and Mexico, and have less than an elementary school education. While Spanish is the primary language for most, some speak native languages and are preliterate in Spanish.

The Organization believes that when extremely low-income immigrants acquire the right skills, they can overcome poverty and build a pathway to success as new Americans. Our model has four integrated strategies aimed at removing the many barriers that Latino immigrants confront in attempting to access education, earning a living wage, and improving their financial security: Case Management, Behavioral Health, Immigration Legal Services, and Education.

Funding is provided principally by contributions, public and private grants and contracts and program fees.

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.

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

<u>Concentrations of Credit Risk</u> – 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 $1,703,264 from one institution at June 30, 2017.

<u>Accounts receivable</u> – 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, 2017 will be fully collectible; accordingly, no allowance for uncollectible receivables is recorded.

<u>Grants and contracts receivable</u> – Grants and contracts receivables are monies that are outstanding from signed private grants and government contracts that have not been paid at year end. At June 30, 2016, there was 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, 2017.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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).

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, 2016, 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, 2017:

	Total	Level 1	Level 3
Certificates of deposit	$ 50,396	$ 50,396	$ -
Pooled investment funds	80,894	-	80,894
Total	$ 131,290	$ 50,396	$ 80,894

Investment earnings are as follows for the year ended June 30, 2017:

Investment gain	$ 9,821

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	$ 72,259
Interest, dividends, unrealized gain	8,635
Balance at June 30, 2017	$ 80,894

NOTE 5 ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The value of accumulated vacation at June 30, 2017 is $79,138.

Sick leave benefits are accumulated for each qualified employee. Those employees do not gain a vested right to accumulated sick leave. Accumulated sick leave benefits are recorded as expenses in the period taken.

NOTE 6 LINE OF CREDIT

The Organization has a revolving line of credit for $200,000 with Bank of Marin. The line of credit expires January 2018. As of June 30, 2017, there is no outstanding balance. Interest is payable at prime rate plus 1.5 percent, which was 4.25 percent at June 30, 2017. The line of credit is secured by substantially all assets of the Organization. There are non-financial covenants related to this line of credit with which the Organization must comply.

NOTE 7 LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2017:

Collateral	Lender	Maturity Date	Interest Rate	Monthly Payment	Balance Due
N/A	Buckelew Programs	Upon 180 days written request	NA	NA	$ 30,000
Novato St. Locations	Marin Community Foundation	June, 2021	4.0	$ 4,774	$ 887,607

Interest paid to Marin Community Foundation for the year ended June 30, 2017 is $36,026.

NOTE 7 LONG-TERM DEBT, continued

Future maturities are as follows as of June 30:

2018	$	22,189
2019		23,093
2020		24,034
2021		25,014
2022		23,903
Thereafter		799,374

NOTE 8 UNRESTRICTED NET ASSETS

Unrestricted net assets at June 30, 2017 are as follows:

Net investment in fixed assets	$	1,147,743
Undesignated		33,787
Total	$	1,181,530

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of June 30, 2017 are as follows:

Administration	$	420,557
Family resources		400,000
Economic development		333,700
Children and youth services		427,500
Immigration		509,638
Total	$	2,091,395

NOTE 10 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.

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, 2017, the Organization received gain of $8,635 which had not been appropriated for expenditure.

NOTE 10 PERMANENTLY RESTRICTED NET ASSETS, continued

Interpretation of Relevant Law, continued

Changes in the Beneficial Interest in Assets Held by Marin Community Foundation for the year ended June 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beneficial interest, beginning	$ 11,259	$ -	$ 61,000	$ 72,259
Investment gain	8,635	-	-	8,635
Beneficial interest, June 30, 2016	$ 19,894	$ -	$ 61,000	$ 80,894

NOTE 11 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, 2017 as follows:

Family resources	$ 465,000
Administration	381,240
Economic development	200,000
Immigration	170,700
Children and youth services	165,000
Total	$ 1,381,940

NOTE 12 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 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:

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

Rent expense and equipment lease expense for the year ended June 30, 2017 were $218,217 and $19,634, 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, 2017.

NOTE 14 PRIOR PERIOD ADJUSTMENT

During the year ending June 30, 2017, it was found that Canal Housing Alliance was not a separate entity but, in fact, owned by the Organization. The prior period adjustment is the net equity in Canal Housing Alliance at June 30, 2016.

NOTE 15 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 8, 2017, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2017 that would have a material impact on the Organization's results of operations or financial position.