

**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
For the Year Ended  
June 30, 2017**

**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

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June 30, 2017**

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**CliftonLarsonAllen**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Inland Valley Council of Churches  
dba Inland Valley Hope Partners

We have audited the accompanying financial statements of Inland Valley Council of Churches dba Inland Valley Hope Partners (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows and functional 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. 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.

Board of Directors  
Inland Valley Council of Churches  
dba Inland Valley Hope Partners

**Opinion**

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of the Organization 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.

**Other Matter**

The 2016 financial statements were audited by Vicenti, Lloyd, and Stutzman LLP, whose practice became part of CliftonLarsonAllen LLP as of June 1, 2017, and whose report dated September 26, 2016, expressed an unmodified opinion on those statements. 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Glendora, CA

October 16, 2017

**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2017**

**With comparative totals at June 30, 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 182,075	\$ 238,023
Grants receivable	179,322	70,374
Prepaid expenses	5,397	10,721
Contributions receivable	29,299	54,520
Investments, at fair value (Note 3)	265,974	228,853
<b>Total current assets</b>	662,067	602,491
Property and equipment, net (Note 4)	595,726	623,111
<b>Total assets</b>	<b>\$ 1,257,793</b>	<b>\$ 1,225,602</b>
 <b>Liabilities and net assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ -	\$ 3,508
Accrued liabilities	27,849	19,958
Capital lease obligation - current (Note 8)	4,404	4,404
Notes payable - current (Note 5)	39,588	56,529
<b>Total current liabilities</b>	71,841	84,399
Capital lease obligation - non-current (Note 8)	4,279	9,232
Notes payable - non-current	200,000	200,000
<b>Total Liabilities</b>	276,120	293,631
 <b>Net Assets</b>		
Unrestricted - undesignated	188,304	203,167
Unrestricted - board designated reserve	9,858	42,315
Unrestricted - property and equipment, net	595,726	623,111
Temporarily restricted	187,785	63,378
<b>Total net assets</b>	981,673	931,971
<b>Total liabilities and net assets</b>	<b>\$ 1,257,793</b>	<b>\$ 1,225,602</b>

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

**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

**STATEMENT OF ACTIVITIES  
For the year ended June 30, 2017  
With comparative totals for the year ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>Total 2016</u>
<b>Public support and revenue</b>				
<b>Public support</b>				
Contributions	\$ 174,718	\$ -	\$ 174,718	\$ 227,183
In-kind donations	303,967	-	303,967	291,906
Foundations and organizations	228,378	74,000	302,378	243,408
United Way	17,500	-	17,500	17,500
Government grants	380,549	118,431	498,980	323,204
Special events	113,189	-	113,189	122,338
<b>Total public support</b>	<u>1,218,301</u>	<u>192,431</u>	<u>1,410,732</u>	<u>1,225,539</u>
<b>Revenue</b>				
Rental income and fees	12,000	-	12,000	12,000
Farmer's Market	37,088	-	37,088	28,391
Interest income	227	-	227	332
Investment return, net (Note 3)	28,351	-	28,351	2,583
Miscellaneous	2,400	-	2,400	-
<b>Total revenue</b>	<u>80,066</u>	<u>-</u>	<u>80,066</u>	<u>43,306</u>
<b>Total public support and revenue</b>	<u>1,298,367</u>	<u>192,431</u>	<u>1,490,798</u>	<u>1,268,845</u>
Net assets released from restrictions	68,024	(68,024)	-	-
<b>Total public support, revenue, and net assets released from restrictions</b>	<u>1,366,391</u>	<u>124,407</u>	<u>1,490,798</u>	<u>1,268,845</u>
<b>Expenses</b>				
<b>Program services</b>				
Food Security	671,026	-	671,026	648,321
Housing	524,897	-	524,897	479,537
Farmer's Market	52,484	-	52,484	42,643
<b>Total program services</b>	<u>1,248,407</u>	<u>-</u>	<u>1,248,407</u>	<u>1,170,501</u>
<b>Support services</b>				
Management and general	89,206	-	89,206	89,036
Fundraising	103,483	-	103,483	103,370
<b>Total support services</b>	<u>192,689</u>	<u>-</u>	<u>192,689</u>	<u>192,406</u>
<b>Total expenses</b>	<u>1,441,096</u>	<u>-</u>	<u>1,441,096</u>	<u>1,362,907</u>
<b>Change in net assets</b>	(74,705)	124,407	49,702	(94,062)
<b>Net assets, beginning of the year</b>	<u>868,593</u>	<u>63,378</u>	<u>931,971</u>	<u>1,026,033</u>
<b>Net assets, end of the year</b>	<u>\$ 793,888</u>	<u>\$ 187,785</u>	<u>\$ 981,673</u>	<u>\$ 931,971</u>

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

**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

**STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2017  
With comparative totals for the year ended June 30, 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 49,702	\$ (94,062)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	37,686	37,749
Unrealized (gain)/loss on investments	(20,332)	8,008
Change in operating assets:		
Grants receivable	(108,948)	17,451
Contributions receivable	25,221	(34,010)
Deposits and prepaid expenses	5,324	(10,721)
Change in operating liabilities:		
Accounts payable	(3,508)	3,060
Accrued liabilities	7,891	(851)
Net cash flows from operating activities	(6,964)	(73,376)
<b>Cash flows from investing activities:</b>		
Purchases of fixed assets	(10,301)	(21,464)
Purchases of investments	(16,789)	(21,970)
Net cash flows from investing activities	(27,090)	(43,434)
<b>Cash flows from financing activities:</b>		
Payment of capital lease obligations	(4,953)	(4,955)
Payment of notes payable	(16,941)	(19,004)
Net cash flows from financing activities	(21,894)	(23,959)
Net change in cash and cash equivalents	(55,948)	(140,769)
Cash and cash equivalents at the beginning of the year	238,023	378,792
Cash and cash equivalents at the end of the year	\$ 182,075	\$ 238,023
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest on notes payable	\$ 1,059	\$ 1,622

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

**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the year ended June 30, 2017**

**With comparative totals for the year ended June 30, 2016**

	Program Services				Support Services			Total Expenses	
	Food Security Programs	Housing Program	Farmer's Market	Total Program Expenses	Mgmt & General	Fund- raising	Total Support Expenses	2017	2016
Salaries expense	\$ 154,964	\$ 131,719	\$ 3,874	\$ 290,557	\$ 50,363	\$ 46,489	\$ 96,852	\$ 387,409	\$ 398,960
Employee benefits expense	23,506	19,980	588	44,074	7,639	7,052	14,691	58,765	54,894
Payroll taxes	12,598	10,708	315	23,621	4,095	3,779	7,874	31,495	31,802
Total personnel expenses	<u>191,068</u>	<u>162,407</u>	<u>4,777</u>	<u>358,252</u>	<u>62,097</u>	<u>57,320</u>	<u>119,417</u>	<u>477,669</u>	<u>485,656</u>
Automobile expenses	11,159	-	-	11,159	-	-	-	11,159	13,092
Board/volunteer/staff dev.	250	1,230	250	1,730	250	250	500	2,230	5,420
Direct client services	348,631	245,515	19,641	613,787	-	-	-	613,787	548,654
Occupancy	41,480	53,680	2,440	97,600	9,760	14,640	24,400	122,000	117,543
Office/technology	32,189	22,271	1,782	56,242	13,363	19,590	32,953	89,195	90,247
Professional services	22,414	22,414	22,414	67,242	3,736	3,736	7,472	74,714	47,759
Special events/marketing	23,835	17,380	1,180	42,395	-	7,947	7,947	50,342	54,536
Total non-personnel expenses	<u>479,958</u>	<u>362,490</u>	<u>47,707</u>	<u>890,155</u>	<u>27,109</u>	<u>46,163</u>	<u>73,272</u>	<u>963,427</u>	<u>877,251</u>
<b>Total functional expenses</b>	<u>\$ 671,026</u>	<u>\$ 524,897</u>	<u>\$ 52,484</u>	<u>\$ 1,248,407</u>	<u>\$ 89,206</u>	<u>\$ 103,483</u>	<u>\$ 192,689</u>	<u>\$ 1,441,096</u>	<u>\$ 1,362,907</u>

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



**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Activities* – The Organization was organized in 1968 and is comprised of member churches that work with synagogue, businesses, and community groups to address hunger and homelessness in the community. The Organization provides hunger, shelter, and transitional housing programs for families and individuals in need and seeks to build client self-sufficiency through the following programs:

- Direct food assistance
- Emergency housing
- Advocacy support
- Classes in budgeting, tenant rights, and parenting; drug and alcohol education
- Weekly support groups; counseling

The Organization also sponsors a certified farmer's market to assist local farmers.

*Cash and Cash Equivalents* – The Organization defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

*Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

*Basis of Accounting* – The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

*Functional Allocation of Expenses* – Costs of providing the Organization's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

*Basis of Presentation* – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Financial Accounting Standards Board.

*Net Asset Classes* – The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets of the Organization consist of the following:

- Unrestricted: All resources over which the governing board has discretionary control to use in carrying on the general operations of the Organization. As a prudent fiscal steward, the Board has also designated reserves, which are considered emergency operating reserves.

**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- Temporarily restricted: These net assets are restricted by donors to be used for specific purposes. Temporarily restricted net assets at June 30, 2017 consisted of:

US Bank	\$ 10,000
Golden State Foods	1,000
Kiwanis Club of Claremont	105
Pacific Lifeline	20,000
LA ESFP	34,616
SB EFSP	83,815
Walmart	25,000
San Manuel	13,249
	<u>\$ 187,785</u>

- Permanently restricted: These net assets are permanently restricted by donors and cannot be used by the Organization. The Organization does not currently have any permanently restricted net assets.

**Grants Receivable** – Grants receivable represent amounts due from governmental agencies. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

**Contributions Receivable** – The Organization is the beneficiary of a life income plan established through the Presbyterian Church (U.S.A.) Foundation. The amount of the annuities represents the current fair value of the account, reduced by the estimated actuarial liability necessary to meet the future payments to the life income beneficiaries. This amount has been reflected as a contribution receivable in the Statement of Financial Position. Contributions receivable also includes community development grants and donations. Management believes that all receivables are fully collectable, therefore no provisions for uncollectible accounts were recorded.

**Property and Equipment** – Property and equipment are stated at cost if purchased or at estimated fair market value if donated. Such donations are recorded as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The Organization capitalizes all expenditures for land, buildings and equipment in excess of \$1,000.

**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Comparative Totals*** – 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 generally accepted accounting principles. 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.

***Contributed Assets & Services*** – Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair values in the period received.

***Investments*** – Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statement of activities if they are material.

***Compensated Absences*** – Accumulated unpaid employee vacation benefits are recognized as a liability of the Organization. The current portion of the liability, if material, is recognized at year-end. The entire compensated absences liability is reported under accrued liabilities in the statement of financial position. Employees of the Organization are paid for days or hours worked based upon Board approved schedules which include vacation. Sick leave and vacation is accumulated to a maximum of two years. Sick leave with pay is provided when employees are absent for health reasons.

***Revenue Recognition*** – Revenues are received primarily from contributions and government grants. Unrestricted revenue is recognized as revenue in the year pledged. Contributions restricted by the donor for a specific purpose are deemed to be earned and reported as revenue when the gift is received or pledged. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

***Grants and Contracts*** - The liability and related expenses for grants and contracts are recorded when incurred. Grant and contract revenues for cost reimbursement awards are recognized to the extent of the eligible expenses incurred.

***Income Taxes*** – The Organization is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Organization is not required to file informational returns with the IRS because it is organized under religious statute. However, the Organization develops a pro forma informational return annually to satisfy its funder's requirements.

**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Evaluation of Subsequent Events* – The Organization has evaluated subsequent events through October 16, 2017, the date these financial statements were available to be issued.

**NOTE 2: CONCENTRATION OF CREDIT RISK**

The Organization places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposits Insurance Corporation insurance limit. The Organization has not incurred losses related to these investments.

**NOTE 3: INVESTMENTS**

Investments are stated at fair value as follows:

	2017	
	Cost	Fair Value
Mutual funds (level 1)	\$ 263,028	\$ 265,974
Total	\$ 263,028	\$ 265,974
	2016	
	Cost	Fair Value
Mutual funds (level 1)	\$ 235,275	\$ 228,853
Total	\$ 235,275	\$ 228,853

Levels 1 through 3 have been assigned to the fair value measurement of investments. The fair value level of measurement is determined as follows:

Level 1 - quoted prices in an active market for identical assets.

Level 2 - quoted prices for similar assets and market-corroborated inputs.

Level 3 - the organization's own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances.

**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2017**

**NOTE 3: INVESTMENTS**

All investment returns are classified as unrestricted. The following summarizes the investment return:

	<u>2017</u>	<u>2016</u>
Dividend income	\$ 8,019	\$ 10,591
Unrealized gain/(loss)	<u>20,332</u>	<u>(8,008)</u>
Total	<u>\$ 28,351</u>	<u>\$ 2,583</u>

**NOTE 4: PROPERTY AND EQUIPMENT**

Property and equipment are summarized as follows:

	<u>2017</u>	<u>2016</u>
Nondepreciable assets:		
Land	\$ 152,385	\$ 152,385
Total nondepreciable assets	152,385	152,385
Depreciable assets:		
Buildings	347,615	347,615
Leasehold improvements	299,922	299,922
Equipment	149,638	139,338
Vehicles	<u>29,141</u>	<u>37,041</u>
Total depreciable assets	<u>826,316</u>	<u>823,916</u>
Total property, and equipment	978,701	976,301
Less: accumulated depreciation	<u>(382,975)</u>	<u>(353,190)</u>
Total net book value	<u>\$ 595,726</u>	<u>\$ 623,111</u>
Depreciation expense	<u>\$ 37,686</u>	<u>\$ 37,749</u>

**NOTE 5: NOTES PAYABLE**

In January 2013, the Organization received a loan from Pacific Western Bank in the amount of \$150,000. The loan has an interest rate of 2.15% and an extended maturity date of January 19, 2017. The loan balance as of June 30, 2017 is \$39,588. The Organization has assigned a certificate of deposit in the amount of \$50,000 as collateral. This amount is included in the cash and cash equivalents section of the Statement of Financial Position.

**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2017**

**NOTE 5: NOTES PAYABLE**

In February 2013, the Organization obtained a promissory note payable to Richard D. Frame Charitable Remainder Unitrust for \$200,000. However, the irrevocable charitable trust also signed in February 2013, stated that the Organization will not have to pay principal or accrued interest during the life of the note. At the termination of the charitable trust, this promissory note will be forgiven, releasing the Organization of this debt.

**NOTE 6: PENSION PLAN**

The Organization has established a defined contribution pension plan for the benefit of its employees. The plan is contributory and is administered by the Organization. VOYA Financial is the plan custodian. Under the plan an employee may put a pre-tax amount into his/her account. The Organization matches employee contributions by 25% (up to 8% of the employee's annual salary). An employee must have one year of service to receive the employer match. The Organization contributed \$3,076 in matching contributions to the plan in 2017 and \$3,292 in 2016.

**NOTE 7: IN-KIND DONATIONS**

The Organization receives in-kind rent and utilities for shelter and rooms. The value of such in-kind donations is recorded as contribution revenue and occupancy expense. In addition, the Organization receives in-kind food, supplies, and counseling services. The value of such in-kind donations is recorded as contribution revenue. The value of in-kind rent, utilities, food, and services received for the year ended June 30, 2017 and 2016 was \$303,967 and \$291,906, respectively.

The Organization receives in-kind donations as follows:

- Supplies - Various supplies and goods are received from Shelter Partnerships, Inc. and Dental Bizz. The value of such items is \$15,872.
- Food - The Organization receives on average some 5,000 pounds of food from the USDA on a weekly basis. The estimated value of this food is \$259,085 . In addition, many food drives were conducted during the year ended June 30, 2017.
- Services – The Organization receives professional counseling services, the estimated value of these services is \$2,010.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

**A) Obligations Under Operating Leases**

**Administrative and Shelter Offices** – The Organization leases its administrative office space and shelter office space from First Christian Church for \$5,700 per month. Of this amount, an in-kind donation of \$2,250 a month or \$27,000 a year is provided from the First Christian Church. The lease period is from July 1 through June 30, 2017.

**INLAND VALLEY COUNCIL OF CHURCHES  
DBA INLAND VALLEY HOPE PARTNERS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2017**

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

**Beta Center** - The Beta Center site is leased from Pomona First Baptist Church at a shared expense contribution of \$300 per month toward utilities. The lease started on October 1, 2012 and the terms of the leases do not specify expiration dates and, as such, are considered month-to-month.

**B) Obligations Under Capital Leases**

The Organization has a capital lease agreement for equipment. The capitalized lease cost of the equipment was \$23,121. Capital lease amortization is included with depreciation expense in the statement of activities. No interest has been recorded as it is not material to the financial statements.

Future payments on this lease are as follows:

<u>June 30,</u>	
2018	\$ 4,404
2019	4,279
Total	<u>\$ 8,683</u>

**C) Contracts**

Amounts received or receivable from grantor agencies are subject to audit and review by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. The amount, if any, of expenses which may be disallowed by the grantor is not determinable although the Organization expects such amounts if any, to be immaterial.