

PUENTE DE LA COSTA SUR

Financial Statements

and

Schedule of Expenditures of Governmental Awards

Year ended June 30, 2017

with

Report of Independent Auditors

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CERTIFIED PUBLIC
ACCOUNTANTS

DONALD WILSON
ALAN MARKLE
CHARLES STUCKEY
DAVID HARDESTY
DAVID BOTT
DAVID BAILEY
MICHAEL SMITH
SHIRLEY CHEN-BLUM

Report of Independent Auditors

Board of Directors
Puente de la Costa Sur

Report on the Financial Statements

We have audited the accompanying financial statements of Puente de la Costa Sur (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities and changes in net assets, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 assessment 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 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 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 Puente de la Costa Sur as of June 30, 2017, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Report on Summarized Comparative Information

We have previously audited Puente de la Costa Sur's 2016 financial statements, and in our report dated December 22, 2016, we expressed an unmodified opinion on those audited financial 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.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017, on our consideration of Puente de la Costa Sur'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 Puente de la Costa Sur's internal control over financial reporting and compliance.



Wilson Markle Stuckey Hardesty & Bott, LLP
Larkspur, CA
December 15, 2017

Puente de la Costa Sur
Statements of Financial Position
June 30, 2017 and 2016

Assets	2017	2016
Current assets		
Cash and cash equivalents	\$ 1,402,848	\$ 1,848,336
Investments	607,924	102,544
Accounts and grants receivable	230,396	152,779
Prepaid expenses and other current assets	33,125	36,016
Total current assets	2,274,293	2,139,675
Property and equipment, at cost		
Furniture and equipment	19,239	19,239
Leasehold improvements	166,952	166,952
Accumulated depreciation and amortization	(181,645)	(177,542)
Property and equipment, net	4,546	8,649
Total assets	\$ 2,278,839	\$ 2,148,324
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 41,469	\$ 48,838
Accrued liabilities	135,664	125,816
Total liabilities	177,133	174,654
Net assets		
Unrestricted	1,632,588	1,336,274
Temporarily restricted	469,118	637,396
Total net assets	2,101,706	1,973,670
Total liabilities and net assets	\$ 2,278,839	\$ 2,148,324

See accompanying notes.

Puente de la Costa Sur
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2017
with comparative totals only for the year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Support and revenue				
Contributions				
Foundations	\$ 5,053	\$ 795,185	\$ 800,238	\$ 1,449,234
Individuals and charitable organizations	631,794	171,500	803,294	592,750
Corporate/business	7,396	-	7,396	12,593
In-kind contributions	43,737	-	43,737	72,140
Grants and contracts	921,567	-	921,567	968,266
Program service fees	73,495	-	73,495	111,040
Forgiveness of note payable - County of San Mateo	-	-	-	55,000
Net investment income	5,397	-	5,397	3,409
Net assets released from restrictions	<u>1,134,963</u>	<u>(1,134,963)</u>	<u>-</u>	<u>-</u>
Total support and revenue	2,823,402	(168,278)	2,655,124	3,264,432
Expenses				
Programs	1,951,568	-	1,951,568	1,831,587
General and administrative	321,113	-	321,113	328,388
Fundraising and development	<u>254,407</u>	<u>-</u>	<u>254,407</u>	<u>241,498</u>
Total expenses	<u>2,527,088</u>	<u>-</u>	<u>2,527,088</u>	<u>2,401,474</u>
Change in net assets	296,314	(168,278)	128,036	862,958
Net assets, beginning of year	<u>1,336,274</u>	<u>637,396</u>	<u>1,973,670</u>	<u>1,110,712</u>
Net assets, end of year	<u>\$ 1,632,588</u>	<u>\$ 469,118</u>	<u>\$ 2,101,706</u>	<u>\$ 1,973,670</u>

See accompanying notes.

Puente de la Costa Sur
Statement of Functional Expenses
For the year ended June 30, 2017
with comparative totals only for the year ended June 30, 2016

	Programs	General and administrative	Fundraising and development	2017 Total	2016 Total
Salaries	\$ 1,018,678	\$ 131,562	\$ 164,553	\$ 1,314,793	\$ 1,225,989
Payroll taxes	95,695	13,900	15,509	125,104	123,181
Other employee benefits	75,688	22,127	29,403	127,218	115,440
Contract services	211,752	21,157	13,325	246,234	194,248
Accounting fees	-	96,000	-	96,000	100,480
In-kind supplies and services	41,086	2,100	550	43,736	72,140
Shelter/emergency support	65,009	-	-	65,009	86,585
Capital expenditures	7,794	-	-	7,794	44,311
Depreciation and amortization	3,331	344	428	4,103	29,374
Office expenses	32,789	4,190	11,037	48,016	42,145
Food	36,589	254	491	37,334	42,670
Occupancy and space rental	41,302	6,956	4,683	52,941	54,215
Computer/internet access	38,394	5,734	4,917	49,045	40,492
Transportation	40,512	2,050	743	43,305	37,044
Materials and supplies	83,727	1,993	1,227	86,947	50,636
Printing and copying	16,165	4,969	3,304	24,438	19,981
Scholarships/stipends	101,087	-	-	101,087	69,293
Insurance	10,619	721	995	12,335	11,571
Community outreach	10,562	-	-	10,562	17,891
Equipment rental and maintenance	5,567	402	531	6,500	8,120
Professional development	14,343	2,894	2,587	19,824	12,133
Miscellaneous	879	3,760	124	4,763	3,535
Total expenses	\$ 1,951,568	\$ 321,113	\$ 254,407	\$ 2,527,088	\$ 2,401,474
Percentage of expense to total expense	77%	13%	10%	100%	

See accompanying notes.

Puente de la Costa Sur
Statements of Cash Flows
For the year ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 128,036	\$ 862,958
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in current assets and liabilities		
Depreciation expense	4,103	29,374
Accounts and grants receivable	(77,617)	8,194
Prepaid expenses and other current assets	2,891	1,765
Accounts payable	(7,369)	5,538
Accrued liabilities	9,848	32,187
Net cash provided (used) by operating activities	59,892	936,761
Cash used by investing activities		
Purchases of property and equipment	-	(6,400)
Change in investment	(505,380)	(3,255)
Net cash used by investing activities	(505,380)	(9,655)
Cash used by financing activities		
Forgiveness of note payable - County of San Mateo	-	(55,000)
Net cash used by financing activities	-	(55,000)
Net increase (decrease) in cash and cash equivalents	(445,488)	875,361
Cash and cash equivalents, beginning of year	<u>1,848,336</u>	<u>972,975</u>
Cash and cash equivalents, end of year	<u>\$ 1,402,848</u>	<u>\$ 1,848,336</u>

See accompanying notes.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2017

Note 1 – Organization and nature of activities

Basis of presentation

Puente de la Costa Sur is a non-profit California corporation that provides vital services to men, women, children and families in the San Mateo County South Coast communities of Pescadero, La Honda, Loma Mar, and San Gregorio. Puente provides programs and services to build a healthy, sustainable and inclusive community. Puente provides emergency food, seasonal clothing, bicycles and other essential items, rental and utility assistance, individual tax preparation assistance, financial literacy classes, English and Spanish literacy programs, GED and HiSet tutoring, enrollment in health insurance programs, educational health outreach through a health promoters program, health clinic services, farmers market, behavioral services and counseling, legal immigration services, parenting classes, early childhood development activities, childcare parent cooperative, leadership development and employment program for youth, advocacy and community engagement, academic tutoring programs for children grades k-12, scholarships for college students, office services, translation and interpretation. Puente also works with nursery, ranch and farm owners and workers to promote a sustainable agricultural economy on the South Coast.

Note 2 – Summary of significant accounting policies

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Puente de la Costa Sur records contributions when promised, revenues when earned and expenses when incurring the related obligation. Puente de la Costa Sur recognizes revenues from reimbursable cost contracts when incurring the related expenses.

Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with commercial banks, available on demand. At various times during the year ended June 30, 2017 and 2016, Puente de la Costa Sur had deposits exceeding federally insured amounts. For purposes of the statement of cash flows, Puente de la Costa Sur considers investments with initial maturities of three months or less to be cash equivalents.

Investments

Investments consist of shares in a publicly traded mutual fund. Puente de la Costa Sur records the investment at fair market value, based on unadjusted quoted prices in active markets for identical assets (level one inputs) and records dividends, gains, losses and changes in fair market value (unrealized appreciation or depreciation), net of custodial and administrative fees, as net investment income.

Investments are subject to credit and market risks. Credit risk is the probability that parties holding or supporting an investment will default or otherwise fail to perform.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2017

Note 2 – Summary of significant accounting policies (continued)

Market risk is the inherent change in the value of an investment due to changes in conditions.

Allowance for uncollectible accounts receivable

Puente de la Costa Sur uses the allowance method to account for uncollectible accounts receivable. Under this method, Puente de la Costa Sur reviews all receivables for any problems with collectability. If the organization feels that there may be a problem with collection, an allowance is provided for the receivable. When attempts to collect a specific receivable are unsuccessful, the account is considered uncollectible and is written off against the allowance. At June 30, 2017 and 2016, Puente de la Costa Sur concluded that an allowance for doubtful accounts was not necessary.

Property and equipment

Puente de la Costa Sur capitalizes expenditures of \$5,000 or more when making outlays for property and equipment. Purchases of property and equipment are recorded at cost. Donated property and equipment are stated at fair value. Depreciation is computed on the straight-line basis over estimated useful lives, except for leasehold improvement property, which is amortized over the lesser of the life of the leasehold improvement or the life of the related lease.

Net assets

Certain support for the programs of Puente de la Costa Sur may be directed by the donors to specific periods or programs. Puente de la Costa Sur classifies such amounts as temporarily restricted support and net assets in the accompanying financial statements. When donor restrictions expire or are otherwise met, Puente de la Costa Sur reclassifies temporarily restricted net assets as unrestricted net assets.

In-kind support

Puente de la Costa Sur records contributions of goods and services at their fair market value only if they create or enhance a non-financial asset or require specialized skills are provided by entities or persons possessing those skills and Puente de la Costa Sur would have purchased the goods or services if they did not receive them as contributions.

Allocation of functional expenses

The costs of providing Puente de la Costa Sur's various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates of time and usage.

Income taxes

Puente de la Costa Sur has been advised by governmental authorities that it is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2017

Note 2 – Summary of significant accounting policies (continued)

Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California.

Puente de la Costa Sur has been classified as other than a private foundation under Internal Revenue Codes Section 509(a)(1). Accordingly, donors are entitled to the maximum charitable contribution allowed by law. Management of the organization concluded that no activities of Puente de la Costa Sur jeopardized its exemption from income taxes, its classification as a “public charity” or subjected the organization to taxes on unrelated business income. Consequently, Puente de la Costa Sur did not provide for any income taxes.

Management believes that the organization has adequately addressed all tax positions and that there are no unrecorded tax liabilities. Tax years 2013 to 2016 are open for examination by the Internal Revenue Service and years 2012 to 2016 by the California Franchise Tax Board.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management’s knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

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 accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Subsequent events

Puente de la Costa Sur evaluated subsequent events for recognition and disclosure through December 15, 2017, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2017 that required recognition or disclosure in such financial statements.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2017

Note 3 – Accounts and grants receivable

Accounts and grants receivable at June 30, 2017 consisted primarily of reimbursable expenses remaining to be received from the County of San Mateo, totaling \$140,992, the San Francisco Foundation, totaling \$50,000, the La Honda-Pescadero Unified School District, totaling \$16,511, and the Youth Leadership Institute, totaling \$10,578. The sum of the other individual receivables is \$12,315.

Accounts and grants receivable at June 30, 2016 consisted primarily of reimbursable expenses remaining to be received from the County of San Mateo, totaling \$72,108, the La Honda-Pescadero Unified School District, totaling \$24,965, and the Youth Leadership Institute, totaling \$30,358. The sum of the other individual receivables is \$25,348.

Note 4 – Investments

Investment and money market accounts held as of June 30, 2017 and 2016 are held by two different financial institutions. The Company’s portfolio of accounts consists of the following:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Public Mutual Funds	\$ 104,701	\$ 107,904	\$ 104,513	\$ 102,544
Money Market Account	500,020	500,020	-	-
Total	\$ 604,721	\$ 607,924	\$ 104,513	\$ 102,544

In March 2017 Puente de la Costa Sur established a new investment account at a large commercial institution to hold money market funds that had been purchased. The total of this original investment was \$500,000. This decision was made by the Board of Directors for cash flow access purposes.

Note 5 – Notes payable – County of San Mateo

Puente de la Costa Sur was awarded two Community Development Block Grants for the purposes of renovation to the bathrooms and the resource center.

The loan amounts were \$30,000 and \$25,000, and were to reach maturity on November 1, 2015.

On November 5, 2015 Puente de la Costa received written confirmation of loan forgiveness from the County of San Mateo’s Department of Housing. Management of Puente de la Costa Sur had complied with the agreement and, the County of San Mateo forgave the loans.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2017

Note 9 – Risks and uncertainties

Puente de la Costa Sur has received support that may be subject to audit or review by the grantor agencies. Management believes that they have complied with all grant terms and conditions and disallowed costs, if any, would be insignificant.

Note 10 – Composition of foundation contributions

Puente de la Costa Sur received \$800,238 and \$1,449,234 in foundations contributions for the year ended June 30, 2017 and 2016, respectively. Inclusive in foundation contributions are amounts made by individuals through donor advised charitable funds, Network for Good, and Razoo. The amount of these contributions totaled \$433,129 for the year ended June 30, 2017, and \$528,528 for the year ended June 30, 2016.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2017

Note 11 – Temporarily restricted net assets

At June 30, 2017 Puente de la Costa Sur had temporarily restricted net assets of \$469,118. This balance consists of program restricted net assets only.

Program restricted support:	June 30, 2016	Additions	Releases	June 30, 2017
Atkinson Foundation	\$ 20,000	\$ -	\$ 20,000	\$ 0
Bella Vista Foundation	50,000	50,000	71,297	28,703
Ginner donation for Parent Co-Op	-	10,000	10,000	-
Grove Foundation	3,270	45,000	45,145	3,125
Heising-Simons Foundation	189,750	-	189,750	(0)
JH Robbins Foundation	-	10,000	10,000	-
Kaiser Foundation	5,000	-	5,000	0
Latino Community Foundation	2,350	7,500	9,850	(0)
Lucille Packard Children's Hospital at Stanford	22,981	60,000	62,102	20,879
Orchard House Foundation	-	15,000	15,000	-
Philanthropic Ventures Foundation	29,835	10,000	31,685	8,150
San Francisco Foundation	22,029	95,102	36,763	80,368
Sand Hill Foundation	-	45,000	-	45,000
Schwab Charitable Foundation	-	10,000	5,000	5,000
Silicon Valley Community Foundation	53,268	205,000	171,697	86,571
Sobrato Family Foundation	72,500	147,500	196,478	23,522
Sunlight Giving Foundation	100,000	100,000	100,000	100,000
TomKat Foundation	-	20,000	-	20,000
University of California	-	22,000	22,000	-
Wells Fargo Foundation	5,000	10,000	10,000	5,000
Women's Foundation of CA	15,000	20,000	15,000	20,000
Yellow Chair Foundation	21,977	30,000	51,977	0
Youth Bridges Scholarship funds	316	7,248	1,316	6,248
Individual donors	21,952	34,200	40,296	15,856
Other donors under \$5,000	2,168	13,135	14,609	694
Total	\$ 637,396	\$ 966,685	\$ 1,134,963	\$ 469,118

Supplemental Information

Puente de la Costa Sur
Schedule of Expenditures of Governmental Awards
For the year ended June 30, 2017

Sources, grantors and programs	CFDA	Contract	Expenditures
C Department of Agriculture CalFresh Program	10.561	77200-15-D006	\$ 1,250
Total Department of Agriculture			<u>1,250</u>
C Department of Health & Human Services Farmworker Health	93.224	#73508	127,587
C Monitoring Child Abuse	93.556	#72624	90,000
C Prevention of alcohol and drug abuse	93.959	MOU - 7/16	50,000
C Medical Enrollment and Outreach	93.778	55100-14-D003	<u>21,218</u>
Total Department of Health & Human Services			<u>288,805</u>
Total			<u>\$ 290,055</u>

Notes to Schedule of Expenditures of Governmental Awards (SEGA)

Note A - Basis of presentation

The SEGA includes the federal grant activity of Puente de la Costa Sur under programs passed-through from the federal government to the indicated counties for the year ended June 30, 2017. Puente de la Costa Sur presents the information in the SEGA in accordance with the requirements of Title 2 U.S. "Code of Federal Regulations" Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Because the SEGA presents only a selected portion of the operations of Puente de la Costa Sur, it is not intended to and does not present the financial position, changes in net assets or cash flows of Puente de la Costa Sur.

Note B - Summary of significant accounting policies

(1) Puente de la Costa Sur reports expenditures in the SEGA using the accrual basis of accounting. Puente de la Costa Sur recognizes such expenditures following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. In addition, the indicated counties may impose their own reimbursement limits.

(2) Puente de la Costa Sur did not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note C - Pass-through entities

The pass-through agency for the Department of Agriculture, Health and Human Services and the Department of Housing is the County of San Mateo.

**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***

CERTIFIED PUBLIC
ACCOUNTANTS

DONALD WILSON
ALAN MARKLE
CHARLES STUCKEY
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DAVID BOTT
DAVID BAILEY
MICHAEL SMITH
SHIRLEY CHEN-BLUM

Board of Directors
Puente de la Costa Sur

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Puente de la Costa Sur (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Puente de la Costa Sur'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Puente de la Costa Sur's internal control. Accordingly, we do not express an opinion on the effectiveness of Puente de la Costa Sur'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 entity'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 Puente de la Costa Sur'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 or other matters that are required to be reported under *Government Auditing Standards*.

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


Wilson Markle Stuckey Hardesty & Bott, LLP
Larkspur, CA
December 15, 2017