

NOVATO YOUTH CENTER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Novato Youth Center
Novato, California

Report on the Financial Statements

We have audited the accompanying financial statements of Novato Youth Center (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 audits. We conducted our audits 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 Novato Youth Center as of June 30, 2016, and the changes in its net assets and its cash flows for the years 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 Novato Youth Center'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 October 7, 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.

October 5, 2016

Santa Rosa, California

NOVATO YOUTH CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(With summarized comparative totals for June 30, 2015)

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
ASSETS				
Cash	\$ 232,118	\$ 363,185	\$ 595,303	\$ 662,433
Receivables and prepaid expenses	92,553	20,626	113,179	100,774
Unemployment Trust Reserve	63,027	-	63,027	55,782
Investments	2,422,824	-	2,422,824	2,730,465
Property and equipment, net	277,856	-	277,856	318,737
Government-owned assets	-	115,993	115,993	115,993
Total assets	\$ 3,088,378	\$ 499,804	3,588,182	\$ 3,984,184
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 84,190		\$ 84,190	\$ 87,293
Accrued personal time off	59,928		59,928	66,004
Deferred revenue	8,500		8,500	9,814
Unemployment Trust Reserve	63,027		63,027	55,782
Note payable	3,251		3,251	29,157
In lieu fee payable	35,000		35,000	35,000
Total liabilities	253,896		253,896	283,050
NET ASSETS:				
Unrestricted:				
Board-designated:				
Various projects	48,000		48,000	80,000
Endowment	2,422,825		2,422,825	2,730,465
Total designated funds	2,470,825		2,470,825	2,810,465
Undesignated funds	363,658		363,658	330,498
Total unrestricted net assets	2,834,482		2,834,482	3,140,963
Government-owned assets	-	115,993	115,993	115,993
Temporarily restricted net assets	-	383,811	383,811	444,178
Total net assets	2,834,482	499,804	3,334,286	3,701,134
Total liabilities and net assets	\$ 3,088,378	\$ 499,804	3,588,182	\$ 3,984,184

The accompanying notes are an integral part of these financial statements

NOVATO YOUTH CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(With summarized comparative totals for the year ended June 30, 2015)

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
SUPPORT:				
Grants	\$ 391,804	\$ 167,374	\$ 559,178	\$ 893,065
Contributions	27,011	81,492	108,503	87,739
Total support	<u>418,815</u>	<u>248,866</u>	<u>667,681</u>	<u>980,804</u>
REVENUE:				
Program service fees	727,754	-	727,754	746,487
Gain on sale of investments	118,673	-	118,673	85,129
State apportionments	311,102	-	311,102	322,467
Contracts	273,061	-	273,061	302,222
Unrealized gain (loss) on investments	(319,096)	-	(319,096)	(115,863)
Special events & fundraising	39,349	37,655	77,004	39,920
Investment income	79,933	-	79,933	116,559
Other revenue	129,404	-	129,404	156,000
Total revenue	<u>1,360,180</u>	<u>37,655</u>	<u>1,397,835</u>	<u>1,652,921</u>
Net assets released from restrictions	<u>346,888</u>	<u>(346,888)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,125,883</u>	<u>(60,368)</u>	<u>2,065,516</u>	<u>2,633,725</u>
EXPENSES:				
Program Services:				
Child Development	1,450,290	-	1,450,290	1,372,896
School Readiness	99,584	-	99,584	135,079
Wellness Center	178,143	-	178,143	126,780
Community Prevention	226,048	-	226,048	417,397
Counseling	132,388	-	132,388	127,261
Other programs	3,831	-	3,831	61,371
Total program expenses	<u>2,090,284</u>	<u>-</u>	<u>2,090,284</u>	<u>2,240,784</u>
Support Services:				
Plant	124,117	-	124,117	104,493
General administration	154,053	-	154,053	175,587
Fund development	63,910	-	63,910	52,043
Total support services	<u>342,080</u>	<u>-</u>	<u>342,080</u>	<u>332,123</u>
Total expenses	<u>2,432,364</u>	<u>-</u>	<u>2,432,364</u>	<u>2,572,907</u>
CHANGE IN NET ASSETS	(306,481)	(60,368)	(366,849)	60,818
Net Assets, beginning of year	<u>3,140,963</u>	<u>560,171</u>	<u>3,701,134</u>	<u>3,640,316</u>
Net Assets, end of the year	<u>\$ 2,834,482</u>	<u>\$ 499,804</u>	<u>\$ 3,334,286</u>	<u>\$ 3,701,134</u>

The accompanying notes are an integral part of these financial statements

NOVATO YOUTH CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(With summarized comparative totals for the year ended June 30, 2015)

	PROGRAM SERVICES							SUPPORTING SERVICES					2016 Total	2015 Total
	Child Development	Family Engagement	Wellness Center	Community Prevention	Counseling	Other Programs	Total Programs	General Admini- stration	Fund Develop- ment	Plant	Total Support			
Salaries	\$ 915,665	\$ 80,924	\$ 93,455	\$ 129,864	\$ 87,094	\$ 2,343	\$ 1,309,345	\$ 80,736	\$ 57,642	\$ 10,855	\$ 149,233	\$ 1,458,578	\$ 1,531,746	
Payroll taxes	105,402	9,509	9,976	13,648	8,698	148	147,381	8,364	4,088	1,211	13,663	161,044	173,227	
Employee benefits	47,555	2,490	3,192	10,042	310	-	63,589	4,245	2,126	835	7,206	70,795	85,315	
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	548	
Miscellaneous	24,047	747	13,133	21,174	12,530	1,320	72,951	15,993	54	131	16,178	89,129	159,456	
Repairs and maintenance	35,811	-	460	-	-	-	36,271	-	-	5,351	5,351	41,622	30,077	
Professional fees	103,795	415	5,280	27,806	20,055	-	157,351	22,337	-	4,768	27,105	184,456	180,762	
Supplies	23,401	3,141	1,901	3,105	1,763	-	33,311	355	-	1,469	1,824	35,135	60,831	
Insurance	25,742	-	3,600	-	-	-	29,342	14,684	-	-	14,684	44,026	38,654	
Utilities	30,616	-	658	-	-	-	31,274	-	-	4,575	4,575	35,849	36,205	
Vehicle costs	18,715	792	317	6,195	353	-	26,372	-	-	52	52	26,424	35,798	
Food	45,324	241	438	3,334	592	-	49,929	1,298	-	1,436	2,734	52,663	47,061	
Advertising and promotion	2,578	225	599	5,847	74	20	9,343	425	-	-	425	9,768	13,349	
Telephone	8,749	-	4,272	1,400	735	-	15,156	2,299	-	143	2,442	17,598	15,458	
Equipment rental	46,245	-	40,862	1,470	76	-	88,653	2,272	-	4,795	7,067	95,720	69,780	
Dues/publications	16,645	1,100	-	2,163	108	-	20,016	1,045	-	-	1,045	21,061	16,718	
Subtotal	1,450,290	99,584	178,143	226,048	132,388	3,831	2,090,284	154,053	63,910	35,621	253,584	2,343,868	2,494,985	
Depreciation	-	-	-	-	-	-	-	-	-	88,496	88,496	88,496	77,922	
Total expenses	\$ 1,450,290	\$ 99,584	\$ 178,143	\$ 226,048	\$ 132,388	\$ 3,831	\$ 2,090,284	\$ 154,053	\$ 63,910	\$ 124,117	\$ 342,080	\$ 2,432,364	\$ 2,572,907	

The accompanying notes are an integral part of these financial statements

NOVATO YOUTH CENTER
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	\$ (366,849)	\$ 60,818
Adjustment to reconcile decrease in net assets to net cash provided by operations:		
Depreciation	88,496	77,922
Gain on sale of investments	(118,673)	(85,129)
Unrealized loss (gain) on investments	319,096	115,863
Increase (decrease) in receivables and prepaids	(12,405)	12,110
Increase (decrease) in:		
Accounts payable and accruals	(9,179)	(41,883)
Deferred revenue	(1,314)	(12,568)
Cash provided (used) by operating activities	(100,827)	127,133
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment	913,623	655,154
Purchase of investments	(806,405)	(609,356)
Purchase of fixed assets	(47,615)	(49,484)
Cash provided (used) by investing activities	59,603	(3,686)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long term note payable	(25,906)	(4,320)
Borrowings on long term note payable	-	30,949
Cash provided (used) by financing activities	(25,906)	26,629
NET INCREASE IN CASH	(67,130)	150,076
CASH, BEGINNING OF THE YEAR	662,433	512,357
CASH, END OF THE YEAR	\$ 595,303	\$ 662,433
SUPPLEMENTAL INFORMATION:		
Interest paid in cash	\$ -	\$ 363

The accompanying notes are an integral part of these financial statements

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 ORGANIZATION

The Novato Youth Center (Center) was incorporated in 1976 as a nonprofit corporation under the laws of the State of California to provide various youth services primarily in northern Marin County, California. Our mission is to inspire and prepare youth to succeed. We provide youth and families, particularly those in need, with comprehensive programs that connect them to resources, strengthen skills, build community, and support their academic, emotional, and physical growth. The Novato Youth Center has grown to serve over 2,716 youth and their families annually through programs offered in our 23,000 sq. ft. main facility; on elementary, middle and high school campuses throughout Novato; and in the community. Our four program areas serve ages 12 months through adulthood, and include Child Development; Health and Wellness; Family and Community Engagement; and Community-based Prevention. The Center continuously strives to improve the effectiveness of our programs. We evaluate them throughout the year, gathering qualitative and quantitative data and analyzing that data against both process and outcome measures. In striving for continuous improvement, we set yearly goals that coincide with our three-year strategic plan, and, when available, we participate in external evaluations. We also listen to the feedback of the youth and families who are affected by our programs, and we regularly administer satisfaction surveys.

The Center is funded from diverse sources including program fees, government grants, individual and corporate donations, and foundation grants.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Center reports information regarding its financial position and activities on an accrual basis according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted Net Assets – 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 – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Center to meet the stipulations or that become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be retained and invested permanently by the Center to use all or part of the investment return on these net assets for specified or unspecified purposes.

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 Center reports the revenue or support as unrestricted. Expenses are reported as decreases 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 – Cash equivalents consist primarily of money market accounts and other investments with an original maturity of 90 days or less. The Center maintains its cash balances in one finance institution. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2016 the Center’s uninsured cash balances total \$375,652.

Investments – Investments are made up of stocks, mutual funds, treasury funds and certificates of deposits and are reported at their fair values in the statement of financial position. The fair value of the equities securities are based upon quoted prices in active markets (Level 1 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 Center 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.

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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).

Unemployment Insurance Trust – The Center is self-insured for their unemployment claims. A third party administrator maintains the account. The Center pays into the account quarterly and unemployment claims are paid from the account. The cash is available to the Center at any time.

Accounts Receivable – Accounts receivable are made up of family fees and other program fees due to the Center. The Center considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts do become uncollectible, they are charged to operations when the determination is made.

Property and equipment – The Center records purchased property and equipment at cost and donated fixed assets are recorded at fair value at the date received. Assets purchased with government grant or contract funds are subject to certain restrictions for which depreciation may not be claimed against child development contracts. Assets purchased with government funds remain the property of the government for the life of the asset. The Center holds these assets in trust for the government and, therefore, the assets have been recorded on the statement of financial position. Purchases of those assets are recorded as expenses of the appropriate government program. Assets purchased with non-governmental funds are depreciated using the straight-line method over their estimated useful lives of the respective assets. Estimated useful lives range from, three to forty years.

Deferred revenue – Deferred revenue is made up of monies received in advance of the revenues being earned for program fees.

Income Taxes – The Center is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined the Center is not a private foundation under Section 509(a)(2).

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes, continued – Management of the Center 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 Center's status as a not-for-profit entity. Management believes the Center met the requirements to maintain its tax-exempt status. The Center may be liable for taxes on net unrelated business income. The Center'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 – Many people have contributed significant amounts of time to the activities of the Center without compensation. The financial statements do not reflect the value of those contributed services and items because, although clearly substantial, no reliable basis exists for determining an appropriate valuation.

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

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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:

	<u>Level 1</u>
Equities	\$ 1,310,057
Fixed income	1,004,281
Money market cash	<u>108,486</u>
Total	<u>\$ 2,422,824</u>

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

Interest and dividend income	\$ 79,933
Net realized gains (losses)	118,673
Net unrealized gains (losses)	<u>(319,096)</u>
Total investment return	<u>\$ (120,490)</u>

NOTE 4 PLANT AND EQUIPMENT

At June 30, 2016 the fixed assets account group consisted of:

	<u>Agency Owned</u>	<u>Government Owned</u>
Land and improvements	\$ 256,556	
Buildings and improvements	2,109,498	\$ 115,993
Annex	29,986	-
Vehicle	233,204	-
Equipment	55,002	-
Furniture and fixtures	<u>132,365</u>	-
	2,816,611	115,993
Accumulated depreciation	<u>(2,538,755)</u>	-
Net plant and equipment	<u>\$ 277,856</u>	<u>\$ 115,993</u>

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 ACCUMULATED PAID TIME OFF

Accumulated unpaid personal time off benefits are recognized as liabilities of the Center. The value of accumulated personal time off at June 30, 2016 is \$59,928.

NOTE 6 LINE OF CREDIT

The Center has a line of credit with a bank, which provides for total borrowings of \$150,000. The note is collateralized by substantially all of the Center's assets. The note bears interest at the prime rate (3.5 percent per annum at June 30, 2016) plus an additional 0.5% per annum. Interest payments on the outstanding principal balance are due monthly. All outstanding principal and accrued interest is due at maturity. The line of credit matures December 15, 2017. The Center had no borrowings under the line as of June 30, 2016.

NOTE 7 IN LIEU FEE PAYABLE

As part of its 1988 property improvements, the Center entered into an agreement with the City of Novato for an "in lieu fee" of \$35,000 for the cost of moving the electric, telephone and cable television utilities underground fronting the Center property. The entire amount, plus annually compounded cost of living increases, is due upon sale of the property. The agreement is secured by a lien against the property.

NOTE 8 NOTE PAYABLE

The Center purchased a vehicle during fiscal year ending June 30, 2015 under a note payable to a bank with an initial principal of \$30,949. Monthly payments of \$579 include principal and interest at 4.5 percent, beginning January 2015, and maturing February 2020. The balance at June 30, 2016 is \$3,251.

Future principal maturities on the notes for years ending on June 30 are as follows:

2017	\$ <u>3,251</u>
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NOVATO YOUTH CENTER
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2016, the Center's temporarily restricted net assets consisted of the following program-restricted grants and contributions:

Operating funds	\$ 163,519
Childcare	132,448
Wellness Center	54,559
Counseling	5,999
Other programs	<u>27,286</u>
Total cash	<u>383,811</u>
Government owned assets	<u>115,993</u>
Total temporarily restricted net assets	<u><u>\$ 499,804</u></u>

NOTE 10 LEASE COMMITMENT

The Center leases building space for its Wellness Center under a lease which expired June 30, 2015 and was extended one additional year to June 30, 2016. The lease was renewed beginning July 1, 2015 and terminates June 30, 2016. Total rent expense for the year ended June 30, 2016 is \$49,444. The lease was not renewed.

NOTE 11 ENDOWMENT

The Center's endowment consists of funds designated by the Board of Directors to function as an endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Center 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.

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 ENDOWMENT, continued

In accordance with UPMIFA, the Center 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 Center 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 Center
- (7) The investment policies of the Center

Endowment net asset composition as of June 30, 2016:

	<u>Unrestricted</u>
Board-designated endowment fund	\$ <u>2,422,824</u>

Changes in endowment net assets for the year ended June 30, 2016:

Endowment net assets, beginning of year	\$ 2,730,465
Investment return:	
Investment income	79,933
Realized gains	118,673
Unrealized losses	<u>(319,096)</u>
Total investment return	(120,490)
Change in board designated endowment funds	
Net amount used	<u>187,151</u>
Endowment net assets, end of year	\$ <u>2,422,824</u>

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 Center to retain as a fund of perpetual duration.

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 EMPLOYEE BENEFIT PLAN

The Center has a defined contribution plan open to all employees. Under the plan, the Center could contribute up to a five percent match to employees upon commencement of qualifying employment and vesting is after two years. Qualifying employment is defined as more than 1,040 hours per year. The discretionary contribution is a board decision made as part of the budget process. In fiscal year 2016, the Center did not contribute to the plan.

NOTE 13 CONTINGENCIES

The Center receives support from the state government equal to fifteen percent of total revenue. A significant reduction in the level of this support, if this were to occur, may have an effect on the Center's programs.

NOTE 14 SUBSEQUENT EVENTS

The Center has evaluated subsequent events through October 5, 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 Center's results of operations or financial position.