

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 and 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Just Food of Douglas County, Kansas, Inc.

We have audited the accompanying statement of financial position – modified cash basis of Just Food of Douglas County, Kansas, Inc. (a nonprofit organization) as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements. We have also audited the accompanying statement of financial position – modified cash basis of Just Food of Douglas County, Kansas, Inc. as of December 31, 2015, and we were engaged to audit the related statements of activities, functional expenses, and cash flows – modified cash basis 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 the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 conducting our audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion for the 2015 results of operations and cash flows.

We conducted our audits of the 2016 financial statements and the 2015 statement of financial position – modified cash basis 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 on the 2016 financial statements and the 2015 statement of financial position – modified cash basis.

Basis for Disclaimer of Opinion on 2015 Operations and Cash Flows

Management did not perform a year-end physical inventory for the year ended December 31, 2014, and we were not engaged as auditors until after that year; therefore, we were not present to observe the taking of an inventory at December 31, 2014 (stated at \$36,251), and we were unable to satisfy ourselves concerning inventory quantities on hand at that date. Inventory amounts as of December 31, 2014, materially affect the determination of the results of operations and cash flows for the year ended December 31, 2015.

Disclaimer of Opinion on 2015 Operations and Cash Flows

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations and cash flows for the year ended December 31, 2015. Accordingly, we do not express an opinion on the results of operations and cash flows for the year ended December 31, 2015.

Opinion on the 2016 Financial Statements and the 2015 Statement of Financial Position

In our opinion, the statements of financial position – modified cash basis of Just Food of Douglas County, Kansas Inc. as of December 31, 2016 and 2015, and the statements of activities, functional expenses, and cash flows – modified cash basis for the year ended December 31, 2016, present fairly, in all material respects, the financial position of Just Food of Douglas County, Kansas, Inc. as of December 31, 2016 and 2015, and the results of its operation and its cash flows for the year ended December 31, 2016, in accordance with the modified cash basis of accounting as described in Note 2.

Emphasis of a Matter

As described in Note 9 to the financial statements, the Organization experienced fraudulent misappropriation of assets and noncompliance with payroll tax regulations.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Summers, Spencer & Company P.A.

Summers, Spencer & Company, P.A.
Lawrence, Kansas

September 22, 2017

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS

December 31,	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 142,670	\$ 112,034
Investments, at fair value	2,177	1,852
Prepaid expenses	4,083	-
Inventory	31,434	43,764
<i>Total current assets</i>	<u>180,364</u>	<u>157,650</u>
Property and equipment, net	<u>40,923</u>	<u>33,781</u>
<i>Total assets</i>	<u><u>\$ 221,287</u></u>	<u><u>\$ 191,431</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued payroll tax liabilities	\$ 11,215	\$ 21,641
Deferred revenue	20,833	3,611
<i>Total current liabilities</i>	<u>32,048</u>	<u>25,252</u>
Net assets		
Unrestricted	179,239	156,179
Temporarily restricted	10,000	10,000
<i>Total net assets</i>	<u>189,239</u>	<u>166,179</u>
<i>Total liabilities and net assets</i>	<u><u>\$ 221,287</u></u>	<u><u>\$ 191,431</u></u>

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS

For the year ended December 31,	2016				
	Foodbank and Education	Contributed Food	Total Unrestricted	Temporarily Restricted	Total
Support and revenue					
Contributions received and other revenue	\$ 456,221	\$ -	\$ 456,221	\$ -	\$ 456,221
Contributed food received	-	1,380,503	1,380,503	-	1,380,503
<i>Total support and revenue</i>	<u>456,221</u>	<u>1,380,503</u>	<u>1,836,724</u>	<u>-</u>	<u>1,836,724</u>
Expenses and losses					
Foodbank and education	234,325	-	234,325	-	234,325
Contributed food distributed	-	1,392,833	1,392,833	-	1,392,833
Management and general	76,913	-	76,913	-	76,913
Fundraising	105,939	-	105,939	-	105,939
<i>Total expenses</i>	<u>417,177</u>	<u>1,392,833</u>	<u>1,810,010</u>	<u>-</u>	<u>1,810,010</u>
Loss on sale of assets	3,453	-	3,453	-	3,453
Theft loss	201	-	201	-	201
<i>Total expenses and losses</i>	<u>420,831</u>	<u>1,392,833</u>	<u>1,813,664</u>	<u>-</u>	<u>1,813,664</u>
Change in net assets	35,390	(12,330)	23,060	-	23,060
Net assets, beginning of year	<u>112,415</u>	<u>43,764</u>	<u>156,179</u>	<u>10,000</u>	<u>166,179</u>
Net assets, end of year	<u>\$ 147,805</u>	<u>\$ 31,434</u>	<u>\$ 179,239</u>	<u>\$ 10,000</u>	<u>\$ 189,239</u>

The accompanying notes are an integral part of the financial statements.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS

For the year ended December 31,	2015				
	<u>Foodbank and Education</u>	<u>Contributed Food</u>	<u>Total Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue					
Contributions received and other revenue	\$ 578,410	\$ -	\$ 578,410	\$ -	\$ 578,410
Contributed food received	-	1,275,204	1,275,204	-	1,275,204
<i>Total support and revenue</i>	<u>578,410</u>	<u>1,275,204</u>	<u>1,853,614</u>	<u>-</u>	<u>1,853,614</u>
Expenses and losses					
Foodbank and education	298,378	-	298,378	-	298,378
Contributed food distributed	-	1,267,691	1,267,691	-	1,267,691
Management and general	106,124	-	106,124	-	106,124
Fundraising	110,528	-	110,528	-	110,528
<i>Total expenses</i>	<u>515,030</u>	<u>1,267,691</u>	<u>1,782,721</u>	<u>-</u>	<u>1,782,721</u>
Theft loss	22,196	-	22,196	-	22,196
<i>Total expenses and losses</i>	<u>537,226</u>	<u>1,267,691</u>	<u>1,804,917</u>	<u>-</u>	<u>1,804,917</u>
Change in net assets	41,184	7,513	48,697	-	48,697
Net assets, beginning of year	<u>71,231</u>	<u>36,251</u>	<u>107,482</u>	<u>10,000</u>	<u>117,482</u>
Net assets, end of year	<u>\$ 112,415</u>	<u>\$ 43,764</u>	<u>\$ 156,179</u>	<u>\$ 10,000</u>	<u>\$ 166,179</u>

The accompanying notes are an integral part of the financial statements.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

For the years ended December 31,	2016				2015			
	Foodbank and Education	Management and general	Fundraising	Total	Foodbank and Education	Management and general	Fundraising	Total
Compensation	\$ 43,466	\$ 62,871	\$ 48,900	\$ 155,237	\$ 66,604	\$ 59,685	\$ 46,710	\$ 172,999
Food purchased	56,431	-	-	56,431	78,741	-	-	78,741
Insurance	6,511	766	383	7,660	4,561	537	268	5,366
Office supplies, printing and postage	11,204	1,019	13,241	25,464	17,308	1,573	20,455	39,336
Marketing	-	-	4,082	4,082	-	-	5,632	5,632
Services and staff support	2,580	-	-	2,580	4,983	-	-	4,983
Professional fees	16,793	1,976	987	19,756	27,822	17,267	1,638	46,727
Rent	46,737	5,498	2,749	54,984	45,900	5,400	2,700	54,000
Utilities and telephone	20,672	2,432	1,216	24,320	18,582	2,186	1,093	21,861
Equipment	6,320	-	-	6,320	9,198	-	-	9,198
Vehicle cost and freight	13,844	-	-	13,844	16,462	-	-	16,462
Special events	-	-	30,976	30,976	-	-	24,745	24,745
Bank Fees	-	-	3,405	3,405	-	-	7,287	7,287
Penalties and interest	-	1,283	-	1,283	-	18,536	-	18,536
Miscellaneous	-	188	-	188	-	60	-	60
<i>Total expenses before depreciation and contributed food distributed</i>	224,558	76,033	105,939	406,530	290,161	105,244	110,528	505,933
Depreciation	9,767	880	-	10,647	8,217	880	-	9,097
Contributed food distributed	1,392,833	-	-	1,392,833	1,267,691	-	-	1,267,691
<i>Total expenses</i>	\$ 1,627,158	\$ 76,913	\$ 105,939	\$ 1,810,010	\$ 1,566,069	\$ 106,124	\$ 110,528	\$ 1,782,721

The accompanying notes are an integral part of the financial statements.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS

For the years ended December 31,	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 23,060	\$ 48,697
Adjustments to reconcile change in net assets to net operating cash activities:		
Net contributed food activity	12,330	(7,513)
Depreciation	10,647	9,097
Loss on sale of assets	3,453	-
Unrealized gain on investments	(273)	(104)
Donated securities	-	(1,748)
(Increase) decrease in operating assets:		
Prepaid expenses	(4,083)	8,000
Increase (decrease) in operating liabilities:		
Accrued payroll tax liabilities	(10,426)	(33,647)
Deferred revenue	17,222	3,611
<i>Net cash flows provided by operating activities</i>	<u>51,930</u>	<u>26,393</u>
Cash flows from investing activities		
Purchase of investments	(52)	-
Purchase of property and equipment	(21,242)	(5,552)
<i>Net cash flows used in investing activities</i>	<u>(21,294)</u>	<u>(5,552)</u>
Net increase in cash and cash equivalents	30,636	20,841
Cash and cash equivalents, beginning of year	<u>112,034</u>	<u>91,193</u>
Cash and cash equivalents, end of year	<u>\$ 142,670</u>	<u>\$ 112,034</u>

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Description of business and ownership

Organization and nature of operations

Just Food of Douglas County, Kansas, Inc. (the Organization) is a 501(c)(3), nonprofit organization which was incorporated under the laws of the state of Kansas. The Organization is a central food distribution facility for persons and organizations in Douglas County, Kansas needing food and nutritional assistance.

Note 2 - Summary of significant accounting policies

Basis of accounting

The financial statements of the Organization have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP).

This basis of accounting differs from U.S. GAAP because the Organization has not recognized grants or pledges receivable, accounts payable and accrued salaries or other liabilities. The effect of not recording these on the financial statements has not been determined. The Organization does recognize payroll tax liabilities as well as deferred revenue. The cash basis is additionally modified to include capitalization of purchased and donated property and equipment with a provision for depreciation, recognition of donated services and in-kind contributions (including contributed food) and to reflect inventory on hand, prepaid expenses and unrealized gain (loss) on investments.

Financial statement presentation

The Organization follows generally accepted accounting principles for non-profit organizations and reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Classification of restricted net assets is determined by the nature of any donor imposed restrictions.

- Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund the donor intentions.

As of December 31, 2016 and 2015, there were no permanently restricted net assets.

Use of estimates

Management uses estimates and assumptions in preparing the financial statements on a modified cash basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities. Actual results could vary by a material amount from the estimates that were used.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

Contributions and other support

Contributions are considered available for unrestricted use in the appropriate time period, unless specifically restricted by the donor. Contributions which have donor imposed or time restrictions are recorded as temporarily restricted net assets until the restrictions have been met or the time has lapsed. Contributions generally include cash contributions.

Certain contributions received by the Organization include donor imposed restrictions that require that unspent funding be returned if not used for their intended purpose. Income from these contributions is recognized when the expenses are incurred or restrictions met. Funds received but not yet expended are recorded as deferred revenue on the Statements of Financial Position – Modified Cash Basis.

Contributed food received, as well as the related food distributed expense and the contributed food inventory accounts, are computed by valuing the Organization’s respective pounds of food at a weighted average wholesale price per pound as determined by the Feeding America national food bank network. The Organization treats contributed food as an unrestricted contribution.

Cash and cash equivalents

The Organization considers all investments with original maturities of three months or less to be cash equivalents.

Inventory

Contributed food is valued on a first-in, first-out basis using a weighted average wholesale price per pound as determined by the Feeding America national food bank network. For the years ended December 31, 2016 and 2015, contributed food was valued at \$1.67 and \$1.70 per pound, respectively.

Property and equipment

Fixed assets are recorded at cost, if purchased. Donated fixed assets are reported at estimated fair value at the date of contribution. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets as follows:

Computers and hardware	5 years
Equipment	5 - 7 years
Vehicles	5 years

Fair value measurements

The Organization has adopted the provisions of FASB ASC 820-10. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Organization uses various valuation approaches. FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

Unobservable inputs are inputs that reflect the Organization's assumption about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Donated services and in-kind contributions

Accounting principles for non-profit organizations require donated services which require specific expertise or enhance a non-financial asset be recorded in the financial statements at their fair value. For the years ended December 31, 2016 and 2015, the Organization has recorded in-kind contributions as revenue and expense totaling \$12,059 and \$26,478, respectively, for donated services and goods other than contributed food. In addition, many individuals have volunteered over 18,000 and 15,000 hours, respectively of their time in organizational governance, program services and fundraising efforts for the years ended December 31, 2016 and 2015. No amounts have been reflected in the statements for these donated hours as they did not meet the accounting principles criteria for recognition.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and change in net assets. Certain costs have been allocated among the program and supporting services benefited as depicted in the Statement of Functional Expenses – Modified Cash Basis. Expenses that can be identified with a specific program and support are allocated directly according to their natural expenditure classification.

Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the programs or support source. Direct benefit to donor costs have been included in fundraising costs on the statement of functional expenses as the associated costs are not material in relation to the financial statements taken as a whole.

Income taxes

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3) as provided by a determination letter from the Internal Revenue Service.

The Organization has adopted the provisions of FASB ASC 740-10, Accounting for Income Taxes. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The standard prescribes recognition and the measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization has not identified any uncertain tax positions for the years ended December 31, 2016 and 2015, respectively.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. The tax returns for the years 2013 to 2015 and 2016, when filed are open to examination by federal authorities.

Note 3 – Property and equipment, net

The cost and related accumulated depreciation of property and equipment at December 31, are as follows:

	2016	2015
Computers and software	\$ 4,400	\$ 4,400
Equipment	25,794	22,552
Vehicles	32,576	27,756
Total cost	62,770	54,708
Less accumulated depreciation	(21,847)	(20,927)
Net property and equipment	<u>\$ 40,923</u>	<u>\$ 33,781</u>

Depreciation expense charged to operations is \$10,647 and \$9,097 for the years ended December 31, 2016 and 2015, respectively.

Note 4 – Temporarily restricted nets assets

Temporarily restricted net assets at December 31, 2016 and 2015 in the amount of \$10,000 were restricted for a greenhouse project.

Note 5 – Investments, at fair value

Investments held by the Organization consist of the following as of December 31, 2016:

	Cost basis	Fair Value	Unrealized appreciation (depreciation)
Brokerage cash	\$ 64	\$ 64	\$ -
Common stock	1,736	2,113	325
Total	<u>\$ 1,800</u>	<u>\$ 2,177</u>	<u>\$ 325</u>

The following table presents the investments by hierarchy level as of December 31, 2016:

	Fair Value	Level 1	Level 2	Level 3
Brokerage cash	\$ 64	\$ 64	\$ -	\$ -
Common stock				
Industrials	1,786	1,786		
Household products	327	327		
Total	<u>\$ 2,177</u>	<u>\$ 2,177</u>	<u>\$ -</u>	<u>\$ -</u>

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

Investments held by the Organization consist of the following as of December 31, 2015:

	<u>Cost basis</u>	<u>Fair Value</u>	<u>Unrealized appreciation (depreciation)</u>
Brokerage cash	\$ 12	\$ 12	\$ -
Common stock	1,736	1,840	104
Total	<u>\$ 1,748</u>	<u>\$ 1,852</u>	<u>\$ 104</u>

The following table presents the investments by hierarchy level as of December 31, 2015:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Brokerage cash	\$ 12	\$ 12	\$ -	\$ -
Common stock				
Industrials	1,506	1,506		
Household products	334	334	-	-
Total	<u>\$ 1,852</u>	<u>\$ 1,852</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a summary of investment returns for the years ended December 31, 2016 and 2015 and is included in other revenue in the Statement of Activities:

	<u>2016</u>	<u>2015</u>
Dividends and interest	\$ 52	\$ -
Unrealized gain on investments	273	104
	<u>\$ 325</u>	<u>\$ 104</u>

Note 6 – Operating leases

The Organization currently leases its facility under an operating lease which expires December 31, 2018. Rent expense totaled \$54,984 and \$54,000 for the years ended December 31, 2016 and 2015, respectively.

The future minimum payments under the lease are as follows:

2017	\$ 49,000
2018	49,000
Total	<u>\$ 98,000</u>

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7 – Related party transactions

A member of the Organization's Board of Directors in 2015 and 2016 is employed as a Director of a local bank where the Organization maintains all of their bank accounts. As of December 31, 2016 and 2015, total balances held at the bank were \$142,671 and \$112,034, respectively.

Note 8 – Concentrations of credit and market risks

Primarily all of the Organization's revenues and receivables are from businesses and individuals located in the Douglas County area in the state of Kansas.

The Organization maintains cash and investments in bank and brokerage accounts which at times may exceed their federally insured limits of \$250,000 set by the Federal Deposit Insurance Corporation (FDIC). The accounts are held by banks and brokerage firms that are well established and highly regarded. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances. As of December 31, 2016 and 2015, the Organization did not maintain balances in excess of federally insured limits.

Note 9 – Fraudulent misappropriation of assets

In 2015, the Board of Directors of the Organization discovered fraudulent misappropriation of assets by the former executive director of the Organization and noncompliance with payroll tax regulations. These issues gave question to the Organization's ability to continue as a going concern. In late 2015, the Board of Directors completed a fund drive to address the payroll tax liabilities. In August 2017, the former executive director was sentenced to ten months in federal prison and ordered to pay more than \$81,000 in restitution. Due to the basis of accounting used by the Organization, no estimate of possible funds recovery has been included in these statements. Misappropriated funds are classified as theft loss in the statements of activities – modified cash basis.

Note 10 – Subsequent events

The Organization has evaluated subsequent events through September 22, 2017 the date which the financial statements were available to be issued.