
**SUNSET DISTRICT
COMMUNITY DEVELOPMENT
dba: Sunset Youth Services**

Financial Statements

June 30, 2009

(With Comparative Totals for June 30, 2008)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

SUNSET DISTRICT COMMUNITY DEVELOPMENT
dba: Sunset Youth Services

Contents

Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to the Financial Statements	6-9
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10-11

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sunset District Community Services
dba: Sunset Youth Services
San Francisco, California

We have audited the accompanying statement of financial position of Sunset District Community Services dba: Sunset Youth Services (a nonprofit California corporation) as of June 30, 2009, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Sunset District Community Services dba: Sunset Youth Service's 2008 financial statements and, in our report, dated October 21, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunset District Community Services dba: Sunset Youth Services as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2009, on our consideration of Sunset District Community Services dba: Sunset Youth Service'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Certified Public Accountants
Oakland, California
November 20, 2009

SUNSET DISTRICT COMMUNITY DEVELOPMENT
dba: Sunset Youth Services

Statement of Financial Position
June 30, 2009
(With Comparative Totals for June 30, 2008)

	2009	2008
Assets		
Current Assets		
Cash	\$ 53,644	\$ 39,486
Contracts/grants receivable	53,156	63,425
Prepaid expenses	4,002	3,028
Total Current assets	110,802	105,939
Property and equipment, net (Note 3)	29,223	37,685
Deposits	9,840	9,840
Total Assets	\$ 149,865	\$ 153,464
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 14,857	\$ 16,387
Line of credit (Note 7)	24,000	10,000
Total Liabilities	38,857	26,387
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted	47,644	50,309
Temporarily restricted (Note 6)	63,364	76,768
Total Net Assets	111,008	127,077
Total Liabilities and Net Assets	\$ 149,865	\$ 153,464

See Notes to the Financial Statements

SUNSET DISTRICT COMMUNITY DEVELOPMENT
dba: Sunset Youth Services

Statement of Activities
Year Ended June 30, 2009
(With Comparative Totals for Year Ended June 30, 2008)

	Unrestricted	Temporarily Restricted	Total	
			2009	2008
Support and Revenue:				
Government contracts	\$ 480,963	\$	\$ 480,963	\$ 492,217
Foundation and corporate support	26,600	90,000	116,600	152,050
Donations	109,022		109,022	117,404
In kind support (Note 8)	45,986		45,986	52,613
Event, net				
On site donations	42,817			
Admission	18,625			
Auction	19,253			
Less direct costs	(67,932)			
Net event	12,763		12,763	-
Festival revenue	8,665		8,665	1,609
Other	-		-	2,024
	683,999	90,000	773,999	817,917
Net assets released from donor restrictions (Note 6)	103,404	(103,404)	-	-
Total Support and Revenue	787,403	(13,404)	773,999	817,917
Expenses:				
Program	607,963		607,963	598,968
General and administration	87,001		87,001	88,040
Fundraising	95,104		95,104	105,807
Total Expenses	790,068	-	790,068	792,815
Change in Net Assets	(2,665)	(13,404)	(16,069)	25,102
Net Assets, beginning of year	50,309	76,768	127,077	101,975
Net Assets, end of year	\$ 47,644	\$ 63,364	\$ 111,008	\$ 127,077

See Notes to the Financial Statements

SUNSET DISTRICT COMMUNITY DEVELOPMENT
dba: Sunset Youth Services

Statement of Cash Flows
Year Ended June 30, 2009
(With Comparative Totals for Year Ended June 30, 2008)

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ (16,069)	\$ 25,102
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	12,736	11,380
Changes in assets and liabilities:		
Contracts/grants receivable	10,269	(11,596)
Prepaid expenses	(974)	(3,028)
Accounts payable and accrued expenses	(1,530)	4,785
Net cash provided by operating activities	4,432	26,643
Cash flows from investing activities:		
Equipment purchase	(4,274)	(20,270)
Net cash used by investing activities	(4,274)	(20,270)
Cash flows from financing activities:		
Borrowings on line of credit	34,000	-
Repayments on line of credit	(20,000)	-
Net cash provided by financing activities	14,000	-
Net change in cash	14,158	6,373
Cash, beginning of year	39,486	33,113
Cash, end of year	\$ 53,644	\$ 39,486
Supplemental Disclosure		
Interest paid	\$ 1,331	\$ 1,112

See Notes to the Financial Statements

SUNSET DISTRICT COMMUNITY DEVELOPMENT
dba: Sunset Youth Services

Statement of Functional Expenses
Year Ended June 30, 2009
(With Comparative Totals for the Year Ended June 30, 2008)

	Program					Total			
	Outreach and Recreation	Case Management	Campus Support and Literacy Enrichment	Technology and Digital Arts	Total Program		Management and Administration	Fundraising	2009
Salaries	150,289	189,875	18,687	30,377	\$ 389,228	\$ 51,707	\$ 63,740	\$ 504,675	\$ 491,784
Payroll taxes	10,707	13,527	1,331	2,164	27,729	3,684	4,541	35,954	36,386
Employee benefits	20,518	28,229	2,709	5,467	56,923	6,130	4,864	67,917	52,946
	181,514	231,631	22,727	38,008	473,880	61,521	73,145	608,546	581,116
Supplies	5,128	2,853	219	341	8,541	829	1,171	10,541	22,383
Telephone	2,922	2,622	202	314	6,060	762	1,076	7,898	8,459
Postage	1,365				1,365	199	431	1,995	3,201
Occupancy	28,558	28,316	2,178	3,388	62,440	8,228	11,617	82,285	81,891
Equipment rental and maintenance	7,772	144	11	17	7,944	42	59	8,045	6,547
Printing and publications	5,902	1,507	116	180	7,705	438	2,077	10,220	10,230
Travel, meals and entertainment	14,726				14,726	2,358	388	17,472	30,383
Interest					-	1,331	-	1,331	1,112
Depreciation	12,736				12,736	-	-	12,736	11,380
Insurance	2,903	2,085	160	249	5,397	1,886	855	8,138	7,662
Dues, licenses, service fees	562				562	1,129	-	1,691	1,942
Professional fees	4,989	826	64	99	5,978	8,278	4,285	18,541	25,723
Other	630				629	-	-	629	786
Total Expenses	\$ 269,707	\$ 269,984	\$ 25,677	\$ 42,596	\$ 607,963	\$ 87,001	\$ 95,104	\$ 790,068	\$ 792,815

**SUNSET DISTRICT COMMUNITY DEVELOPMENT
DBA: SUNSET YOUTH SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2008)**

NOTE 1: NATURE OF ACTIVITIES

Sunset District Community Development dba: Sunset Youth Services (the Organization) is a California nonprofit public benefit corporation. It is a faith-based organization, which seeks to facilitate positive transformation in the lives of the youth in the Sunset by providing the following programs:

- *Case Management*: offers a liaison and advocacy service for youth;
- *Outreach & Recreation*: provides a Youth Drop In-Center and neighborhood food pantry.
- *Campus Support and Literacy Enrichment*: enables staff to build relationships with students on school campus and support learning in literacy and skills building classes.
- *Technology and Digital Arts*: offers young people access to digital film and audio recording technology to record their stories;

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets.

Revenue Recognition

Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

SUNSET DISTRICT COMMUNITY DEVELOPMENT

DBA: SUNSET YOUTH SERVICES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2008)

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d).

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

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 those estimates.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment.

Functional Allocation of Expenses

The costs of providing the various programs and 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 benefited.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Prior Year Summarized 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

**SUNSET DISTRICT COMMUNITY DEVELOPMENT
DBA: SUNSET YOUTH SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2008)**

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Furnishings and equipment	\$ 110,493	\$ 106,219
Leasehold improvements	14,740	14,740
Construction in progress	4,520	4,520
Less: accumulated depreciation	<u>(100,530)</u>	<u>(87,794)</u>
Total	<u>\$ 29,223</u>	<u>\$ 37,685</u>

NOTE 4: COMMITMENTS

Operating Leases

The Organization is party to a lease for the community center and office space which expires in 2013 and for a copier, which expires in January 2010. Future minimum operating lease payments are as follows:

Year Ended June 30:

2010	\$ 68,875
2011	70,148
2012	72,252
2013	74,420
2014	<u>12,464</u>
Total	<u>\$ 298,159</u>

Rent for the years ended June 30, 2009 and 2008 was \$66,449 and \$66,126, respectively.

NOTE 5: CONTINGENCIES

The Organization receives a portion of its support from federal and local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

**SUNSET DISTRICT COMMUNITY DEVELOPMENT
DBA: SUNSET YOUTH SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2008)**

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available as follows at June 30:

	<u>2009</u>	<u>2008</u>
Case Management	\$ 17,716	\$ 31,128
Literacy	20,000	15,000
Youth Readiness	12,176	7,500
Capital Campaign	10,360	10,360
Technology	3,112	8,404
Staff Mental Health	<u>-</u>	<u>4,376</u>
Total	<u>\$ 63,364</u>	<u>\$ 76,768</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows:

	<u>2009</u>	<u>2008</u>
Sunset Community Festival	\$ -	7,000
Case Management	75,912	21,873
Capital Campaign	-	8,695
Technology	5,292	16,595
Community Outreach	-	5,000
Staff Mental Health	4,376	624
Youth Readiness	15,324	-
Street Fair	-	25,467
Holiday fair	<u>2,500</u>	<u>2,500</u>
Total	<u>\$ 103,404</u>	<u>\$ 87,754</u>

NOTE 7: LINE OF CREDIT

The Organization had a \$30,000 unsecured line of credit with a local bank to be drawn down as needed, with interest at the prime rate published in the Wall Street Journal plus 3.75%. At June 30, 2009 and 2008, there was \$24,000 and \$10,000 outstanding, respectively.

NOTE 8: IN KIND SUPPORT

During the years ended June 30, 2009 and 2008, the Organization received in-kind donations as follows:

	<u>2009</u>	<u>2008</u>
Auction prizes	\$ 35,986	\$ 42,613
Event rent	<u>10,000</u>	<u>10,000</u>
Total	<u>\$ 45,986</u>	<u>\$ 52,613</u>

**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***

Board of Directors
Sunset District Community Services dba: Sunset Youth Services
San Francisco, California

We have audited the financial statements of Sunset District Community Services dba: Sunset Youth Services (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable We have audited the financial statements of Sunset District Community Development, dba Sunset Youth Services as of and for the year ended June 30, 2009, and have issued our report thereon dated November 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sunset District Community Development, dba Sunset Youth Services' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting. A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sunset District Community Development, dba Sunset Youth Services' financial statements are free of 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.

We noted certain matters that we reported to management of Sunset District Community Development, dba Sunset Youth Services in a separate letter dated November 20, 2009.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and City and County of San Francisco and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Oakland, California
November 20, 2009