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

Financial Statements

June 30, 2011

(With Comparative Totals for June 30, 2010)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

SUNSET DISTRICT COMMUNITY DEVELOPMENT
dba: Sunset Youth Services

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CROSBY & KANEDACertified Public Accountants

Dedicated to Nonprofit Organizations

Latham Square Building
1611 Telegraph Ave. Suite 318
Oakland, CA 94612-2151
Tel: 510 · 835 · CPAS (2727)
Fax: 510 · 835 · 5711
e-mail: info@ckcpa.biz**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, 2011, 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 2010 financial statements and, in our report, dated December 13, 2010, 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, 2011, 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 23, 2011, 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 23, 2011

SUNSET DISTRICT COMMUNITY DEVELOPMENT
dba: Sunset Youth Services

Statement of Financial Position
June 30, 2011
(With Comparative Totals for June 30, 2010)

Assets	2011	2010
Current Assets		
Cash	\$ 134,746	\$ 71,058
Contracts/grants receivable	64,270	83,464
Prepaid expenses	5,155	6,331
Total Current assets	204,171	160,853
Property and equipment, net (Note 3)	40,667	23,054
Deposits	9,840	9,840
Total Assets	\$ 254,678	\$ 193,747
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 28,742	\$ 15,389
Total Liabilities	28,742	15,389
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted	129,128	130,194
Temporarily restricted (Note 6)	96,808	48,164
Total Net Assets	225,936	178,358
Total Liabilities and Net Assets	\$ 254,678	\$ 193,747

See Notes to the Financial Statements

SUNSET DISTRICT COMMUNITY DEVELOPMENT
dba: Sunset Youth Services

Statement of Activities
For the Year Ended June 30, 2011
(With Comparative Totals for the Year Ended June 30, 2010)

	Unrestricted	Temporarily Restricted	Total	
			2011	2010
Support and Revenue:				
Government contracts	\$ 596,212	\$.	\$ 596,212	\$ 529,702
Foundation and corporate support	47,694	151,940	199,634	169,037
Donations	62,224		62,224	63,798
In kind support (Note 8)	42,167		42,167	38,858
Special events:				
On site donations	26,158			
Admission	12,625			
Auction sales	28,211			
Less direct costs	(62,087)			
Net event	4,907		4,907	26,868
Program fees			-	40,000
Festival revenue	923		923	2,126
	754,127	151,940	906,067	870,389
Net assets released from donor restrictions (Note 6)	103,296	(103,296)	-	-
Total Support and Revenue	857,423	48,644	906,067	870,389
Expenses:				
Program	679,381		679,381	638,931
General and administration	84,036		84,036	82,253
Fundraising	95,072		95,072	81,855
Total Expenses	858,489	-	858,489	803,039
Change in Net Assets	(1,066)	48,644	47,578	67,350
Net Assets, beginning of year	130,194	48,164	178,358	111,008
Net Assets, end of year	\$ 129,128	\$ 96,808	\$ 225,936	\$ 178,358

See Notes to the Financial Statements

SUNSET DISTRICT COMMUNITY DEVELOPMENT
dba: Sunset Youth Services

Statement of Cash Flows
For the Year Ended June 30, 2011
(With Comparative Totals for the Year Ended June 30, 2010)

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 47,578	\$ 67,350
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	7,771	12,153
Changes in assets and liabilities:		
Contracts/grants receivable	19,194	(30,308)
Prepaid expenses	1,176	(2,329)
Accounts payable and accrued expenses	13,353	532
Net cash provided by operating activities	89,072	47,398
Cash flows from investing activities:		
Equipment purchase	(25,384)	(5,984)
Net cash used by investing activities	(25,384)	(5,984)
Cash flows from financing activities:		
Borrowings on line of credit		12,368
Repayments on line of credit		(36,368)
Net cash used by financing activities	-	(24,000)
Net change in cash	63,688	17,414
Cash, beginning of year	71,058	53,644
Cash, end of year	\$ 134,746	\$ 71,058
Supplemental Disclosure		
Interest paid	\$ -	\$ 577

See Notes to the Financial Statements

SUNSET DISTRICT COMMUNITY DEVELOPMENT
dba: Sunset Youth Services

Statement of Functional Expenses
For the Year Ended June 30, 2011
(With Comparative Totals for the Year Ended June 30, 2010)

	Program			General and Administration		Fundraising	Total	
	Youth Development	Case Management	Total Program	Administration	Fundraising		2011	2010
Salaries	\$ 219,482	\$ 246,103	\$ 465,585	\$ 47,926	\$ 63,293	\$ 576,804	\$ 513,692	
Payroll taxes	15,422	17,293	32,715	3,368	4,447	40,530	37,920	
Employee benefits	24,956	27,983	52,939	5,449	7,197	65,585	62,091	
	<u>259,860</u>	<u>291,379</u>	<u>551,239</u>	<u>56,743</u>	<u>74,937</u>	<u>682,919</u>	<u>613,703</u>	
Advertising and promotion	505	-	505	-	-	505	425	
Supplies	6,745	5,865	12,610	1,881	1,439	15,930	19,652	
Telephone	3,249	3,261	6,510	1,047	800	8,357	9,387	
Postage	525	-	525	185	1,103	1,813	2,018	
Occupancy	30,884	34,714	65,598	11,135	8,514	85,247	82,569	
Equipment rental and maintenance	6,839	2,121	8,960	680	770	10,410	6,202	
Bank fees	-	-	-	3,526	-	3,526	103	
Printing and publications	1,896	106	2,002	34	2,210	4,246	8,004	
Travel, meals and entertainment	11,480	1,520	13,000	1,503	1,840	16,343	17,904	
Interest	-	-	-	-	-	-	577	
Depreciation	6,878	893	7,771	-	-	7,771	12,153	
Insurance	2,441	1,921	4,362	1,987	471	6,820	7,017	
Dues, licenses, service fees	1,168	-	1,168	215	921	2,304	1,028	
Professional fees	4,802	-	4,802	5,100	2,044	11,946	22,284	
Other	329	-	329	-	23	352	13	
Total Expenses	<u>\$ 337,601</u>	<u>\$ 341,780</u>	<u>\$ 679,381</u>	<u>\$ 84,036</u>	<u>\$ 95,072</u>	<u>\$ 858,489</u>	<u>\$ 803,039</u>	

See Notes to the Financial Statements

SUNSET DISTRICT COMMUNITY DEVELOPMENT

DBA: SUNSET YOUTH SERVICES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

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, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

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). The Organization has evaluated its current tax positions and has concluded that as of June 30, 2011, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

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, 2010, 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, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

Subsequent Event

The Organization has evaluated subsequent events and has concluded that as of the date that the financial statements were available for distribution there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2011</u>	<u>2010</u>
Furnishings and equipment	\$ 127,457	\$ 103,463
Leasehold improvements	16,130	14,740
Construction in progress	4,520	4,520
Less: accumulated depreciation	<u>(107,440)</u>	<u>(99,669)</u>
Total	<u>\$ 40,667</u>	<u>\$ 23,054</u>

NOTE 4: COMMITMENTS

Operating Leases

The Organization is party to a lease for the community center and office space which expires in August 2014 and for a copier, which expires in September 2011. Future minimum operating lease payments are as follows:

Year Ended June 30:

2012	\$ 73,238
2013	74,420
2014	76,654
2015	<u>12,838</u>
Total	<u>\$ 237,150</u>

Rent for the years ended June 30, 2011 and 2010 was \$70,153 and \$68,110, 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, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2011</u>	<u>2010</u>
Case Management	\$ 22,510	\$ 15,849
Youth Development	37,944	17,114
Capital Campaign	10,360	10,360
Technology	3,113	3,112
Studio	<u>22,881</u>	<u>1,729</u>
Total	<u>\$ 96,808</u>	<u>\$ 48,164</u>

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

	<u>2011</u>	<u>2010</u>
Case Management	\$ 28,839	\$ 42,368
Literacy	-	20,000
Youth Development	41,869	40,562
Studio	<u>32,588</u>	<u>4,114</u>
Total	<u>\$ 103,296</u>	<u>\$ 107,044</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, 2011 there was no outstanding balance.

NOTE 8: IN KIND SUPPORT

The Organization received in-kind support for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Auction prizes	\$ 33,167	\$ 31,158
Event rent	<u>9,000</u>	<u>7,700</u>
Total	<u>\$ 42,167</u>	<u>\$ 38,858</u>

CROSBY & KANEDACertified Public Accountants

Dedicated to Nonprofit Organizations

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1611 Telegraph Ave. Suite 318
Oakland, CA 94612-2151
Tel: 510 · 835 · CPAS (2727)
Fax: 510 · 835 · 5711
e-mail: info@ckcpa.biz**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 as of and for the year ended June 30, 2010, and have issued our report thereon dated November 23, 2011. 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 Services dba: Sunset Youth Services' internal control over financial reporting as a basis for designing our auditing procedures. We have audited the financial statements of Sunset District Community Services dba: Sunset Youth Services as of and for the year ended June 30, 2011, which collectively comprise Sunset District Community Services dba: Sunset Youth Services' basic financial statements and have issued our report thereon dated November 23, 2011 for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sunset District Community Services dba: Sunset Youth Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sunset District Community Services dba: Sunset Youth Services' internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Services 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 23, 2011.

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 23, 2011