

**RICHMOND ART CENTER**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2015**

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## **INTRODUCTORY SECTION**

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**RICHMOND ART CENTER**  
**Financial Statements**  
**For the Year Ended June 30, 2015**

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**RICHMOND ART CENTER**

**BOARD OF DIRECTORS AND  
MANAGEMENT PERSONNEL**

**JUNE 30, 2015**

**BOARD OF DIRECTORS**

Donna Brorby, President  
Matt Jacobson, Vice President  
Connie Tritt, Treasurer  
Yolanda Holley, Secretary  
Andrea Biren  
Anna Blackman  
Susan Brand  
Inez Brooks-Myers  
Bob Connolly  
Peter Dodge  
Sue Hartman  
Bernadette Jones  
Terry Kotsatos  
Edric Kwan  
Ellengale Toki Oakley  
Susan Wittenberg

**MANAGEMENT**

Richard Ambrose, Executive Director

**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Richmond Art Center  
Richmond, California

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Richmond Art Center (Center), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, cash flows and functional expenses 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 audit. We conducted our audit 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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richmond Art Center as of June 30, 2015, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Maze & Associates".

Pleasant Hill, California  
October 19, 2015

**Accountancy Corporation**  
3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523

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**RICHMOND ART CENTER  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015**

**ASSETS**

Current assets:	
Unrestricted cash and investments (Note 3)	\$702,829
Restricted cash and investments - endowment fund (Note 3 & 7)	32,213
Accounts receivable	3,916
Grants receivable, current portion (Note 4)	55,000
Prepaid expenses and other	<u>6,969</u>
 Total current assets	 800,927
Non-current assets:	
Grants receivable, non-current portion (Note 4)	150,000
Property and equipment, net of accumulated depreciation of \$30,155 (Note 5)	<u>8,619</u>
 Total non-current assets	 <u>158,619</u>
 Total Assets	 <u><u>\$959,546</u></u>

**LIABILITIES & NET ASSETS**

Current liabilities:	
Accounts payable and accrued expenses	\$26,522
Deferred revenue (Note 2H)	<u>77,939</u>
 Total Liabilities	 <u>104,461</u>
Net assets (Note 2A):	
Unrestricted net assets	446,588
Temporarily restricted net assets (Note 6)	376,283
Permanently restricted net assets (Note 7)	<u>32,214</u>
 Total Net Assets	 <u>855,085</u>
 Total Liabilities and Net Assets	 <u><u>\$959,546</u></u>

See accompanying notes to financial statements.

**RICHMOND ART CENTER  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Donations & grants	\$125,705	\$278,072		\$403,777
Class registration fees	329,038	33,561		362,599
Government grants	275,000			275,000
Exhibition income	24,599	85,080		109,679
Membership dues & fees	37,323			37,323
Miscellaneous income	10,937			10,937
Rental income	8,581			8,581
Fundraising	5,450			5,450
Investment income	797		\$925	1,722
Net assets released from restriction (Note 8)	250,150	(250,150)		
Total Revenues	<u>1,067,580</u>	<u>146,563</u>	<u>925</u>	<u>1,215,068</u>
Expenses:				
Program services:	746,830			746,830
General and Administrative	188,495			188,495
Fundraising	54,702			54,702
Total Expenses	<u>990,027</u>			<u>990,027</u>
Net increase before Special Item	77,553	146,563	925	225,041
Special item:				
Forgiven indebtedness - City of Richmond (Note 11)	96,720			96,720
Change in Net Assets	174,273	146,563	925	321,761
Net Assets, beginning of year	<u>229,190</u>	<u>272,845</u>	<u>31,289</u>	<u>533,324</u>
Net Assets, end of year	<u><u>\$403,463</u></u>	<u><u>\$419,408</u></u>	<u><u>\$32,214</u></u>	<u><u>\$855,085</u></u>

See accompanying notes to financial statements.

**RICHMOND ART CENTER  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$321,761
Adjustments to reconcile change in net assets to cash provided by operating activities	
Noncash items included in revenues and expenses:	
Depreciation	5,072
Gain on disposal of fixed assets	(2,445)
Forgiven loan from City of Richmond	(96,720)
(Increase) decrease in:	
Accounts receivable	67,628
Grants receivable	(205,000)
Prepaid expenses and other	20,932
Increase (decrease) in:	
Accounts payable & accrued expenses	(27,919)
Deferred revenue	12,323
	95,632
Net cash (used for) operating activities	95,632

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	(6,047)
Net cash (use) by investing activities	(6,047)
Net change in cash and cash equivalents	89,585
Cash at the beginning of year	645,457
Cash at the end of year	\$735,042

Cash and cash equivalents as presented on the Statement of Financial Position:

Unrestricted cash and investments	\$702,829
Restricted cash and investments - endowment fund	32,213
	\$735,042

See accompanying notes to financial statements.

**RICHMOND ART CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Studio Art	Art in Community	Exhibition	Membership & Marketing	Total Program	Supporting Services		Total
						Management & General	Fundraising	
Salaries and wages	\$195,953	\$158,695	\$67,533	\$17,260	\$439,441	\$90,407	\$42,388	\$572,236
Payroll taxes	22,504	15,976	6,309	1,987	46,776	16,739	4,102	67,617
Employee benefits	4,860	6,273		3,555	14,688	4,027		18,715
Sub-total	223,317	180,944	73,842	22,802	500,905	111,173	46,490	658,568
Contract services	87,289	3,914	12,591		103,794			103,794
Program supplies	11,211	16,459	6,995		34,665			34,665
Staff development and recruiting	471	14,242			14,713	15,431		30,144
Office expense						23,021	110	23,131
Merchant charges	14,966		2	1,678	16,646	2,966	938	20,550
Advertising and promotion	7,827			8,989	16,816			16,816
Insurance			7,228		7,228	8,645		15,873
Printing and reproduction	4,051		8,706		12,757	2,776	115	15,648
Art tours and program events	11,137	350	3,681		15,168			15,168
Repairs and maintenance	800				800	9,864		10,664
Postage and shipping	2,554		4,695	315	7,564	1,264	673	9,501
Art sales commission			6,934		6,934			6,934
Fundraising expense							6,239	6,239
Depreciation (Note 5)						5,072		5,072
Payroll service fees						3,827		3,827
Accounting						2,527		2,527
Training and vetting	1,333	1,108			2,441			2,441
Website management				2,155	2,155			2,155
Travel & meetings		1,339		579	1,918	38	137	2,093
Dues and subscriptions				825	825	426		1,251
Information technology						1,086		1,086
Equipment rental		851			851			851
Miscellaneous			650		650			650
Volunteer program						229		229
Licenses & permits						150		150
	<u>\$364,956</u>	<u>\$219,207</u>	<u>\$125,324</u>	<u>\$37,343</u>	<u>\$746,830</u>	<u>\$188,495</u>	<u>\$54,702</u>	<u>\$990,027</u>

See accompanying notes to financial statements.

**RICHMOND ART CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**NOTE 1 – REPORTING ENTITY**

**A. General**

The Richmond Art Center (Center) is a dynamic arts not-for-profit organization founded in 1936 that empowers and transforms individuals and the community through creative exploration, experience and education.

**B. Programs**

Studio Art – The Center provided more than 442 studio art classes and workshops in painting, drawing, mixed media, book arts/collage, sculpture, ceramics, textiles/fiber arts, metal/jewelry and silk-screening. The classes were taught by 45 teaching artists and enjoyed by more than 1800 students in six fully equipped art studios. In addition, the Center offers open studios for practicing artists and students of all ages to extend time for art-making. The Center presented 16 lectures/films and demonstrations by exhibiting and visiting artists enriching the creative experiences of artists, students and visitors. While classes are mostly fee-based, scholarships are available for youth and adults.

Art in Community – The Art in Community program provided free after school art activities in ceramics, jewelry, fashion design, photography and mixed media at 10 West Contra Costa Unified School District schools, 5 community centers and the Richmond Public Library, engaging over 1800 elementary and middle school students. These activities also included a tour of current Center exhibitions incorporating related art-making projects. The Center conducted its first in-school artists-in-residence workshops to the entire Washington Elementary School student population. The Center provided professional development for its teaching artists to incorporate STEM (Science, Technology, Engineering and Math) into their art curriculum, forming STEAM (Science, Technology, Engineering, Art and Math). The Center also provides 2 professional workshops for 40 West Contra Costa Unified School District Elementary School teachers to incorporate STEAM-based curriculum into the common core curriculum. The Center also provided a series of free family weekend activities to encourage multi-generational learning including *Skeleton Fest*, *Jazz as Art* and *Upcycle!*

Exhibition – More than 14,000 people attended 15 art exhibitions presented by the Center in four spacious galleries. The exhibitions featured the works of 752 aspiring, emerging and established Bay Area artists in various mediums of the fine arts and contemporary crafts.

Membership & Marketing – Membership is a benefit the Center offers to its constituents who pay dues and receive certain discounts and benefits. The dues received support the Center's operation. Marketing promotes and maintains the Center's brand, programs (*Exhibition*, *Studio* and *AIC*), events through the printed and electronic media, and social media.

**RICHMOND ART CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Accounting and Financial Statement Presentation***

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Richmond Arts Center reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets consist of assets with time and purpose restrictions determined by the donor.

*Unrestricted Net Assets* – net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* – net assets subject to donor imposed stipulations that may or will be met either by actions of the Center and/or the passage of time. Temporarily restricted net assets from multi-year grants are recorded in the full amounts that were granted upon receiving notice of the award.

*Permanently Restricted Net Assets* – net assets subject to donor imposed stipulations that are to be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned or related investments for general or specific purposes.

**B. *Contributions and Grants***

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Richmond Art Center considers that all contributions for long-lived assets have implied time restrictions and classifies this support as temporarily restricted until the purpose restriction is met. When a restriction expires, that is, when a stipulated time restriction ends or the 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.

**C. *Donated Assets***

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions over the useful life of the donated asset. The Center reclassifies temporarily restricted net assets to unrestricted net assets over such useful life.

**D. *Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**RICHMOND ART CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. *Cash and Cash Equivalents***

Cash and cash equivalents consist primarily of cash in demand deposit accounts as well as cash on hand. For purposes of the statement of cash flows, management considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**F. *Investments***

Investments are measured at fair value in the statement of financial position. Unless donor or law restricts the income or loss, investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the increase in unrestricted net assets. Investments received as gifts are recorded at their fair value on the date of the donation.

**G. *Concentration of Credit Risk***

The Federal Deposit Insurance Corporation (FDIC) insures account balances at each insured institution up to \$250,000. At various times during the year, cash at these institutions exceeded federally insured limits, however, management believes the Center is not exposed to any significant credit risk related to cash. An account at another FDIC insured institution was opened during the year, and funds that had exceeded the \$250,000 FDIC insured limit were transferred into the new account.

**H. *Deferred Revenue***

The Center receives a large portion of Studio Art class registration fees in advance, which are unearned and are recognized as revenue in the applicable period.

**I. *Income Taxes***

The Center is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Center paid no taxes on unrelated business income in the year ended June 30, 2015.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that the Center does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Center's tax returns will not be challenged by the taxing authorities and that the Center will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Center's tax returns remain open for federal income tax examination for three years from the date of filing.

**RICHMOND ART CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. 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. Those expenses which cannot be specifically identified by function type have been allocated to functions based upon management's best estimate of usage.

**K. Advertising Costs**

Advertising costs, if any, are expensed as incurred.

**L. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect the management's judgment about the assumptions that market participants would use in pricing the asset or liability.

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments consist of the following as of June 30:

	Level 1	Level 2	Total
<i>Unrestricted:</i>			
Cash and equivalents in banks	\$652,153		\$652,153
Cash on hand	150		150
Investments		\$50,526	50,526
Sub-total	652,303	50,526	702,829
 <i>Restricted endowment funds:</i>			
Cash and equivalents	\$2,255		2,255
Investments		\$29,958	29,958
Sub-total	2,255	29,958	32,213
Total cash and investments	\$654,558	\$80,484	\$735,042

**RICHMOND ART CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Cash equivalents and investments in money market are reported at their fair market values using level 1 fair value measures (quoted prices in active markets) in the statement of financial position. Investments in mutual funds (bond and equity funds) are reported at the fair market value of the underlying securities using level 2 fair value measures (observable inputs other than level 1). Unrealized gains and losses are included in the statement of activities.

**NOTE 4 - GRANTS RECEIVABLE**

Grants receivable are reflected in the accompanying financial statements as a receivable and grant revenue of the appropriate net asset category. There was no allowance for uncollectible grants receivable at June 30, 2015.

Grants receivable consisted of the following at June 30:

Chamberlin Family Foundation	\$60,000
Dean and Margaret Leshar Foundation	105,000
Savin Family Foundation	<u>40,000</u>
 Total grants receivable	 205,000
 Less: current portion	 <u>55,000</u>
 Non-current grants receivable	 <u><u>\$150,000</u></u>

**NOTE 5 - FIXED ASSETS**

The Center capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment is valued at cost or estimated fair value on the date of donation and is depreciated on the straight-line basis over useful lives of 5 to 7 years. Property and equipment balances and activity are summarized below for the year ended June 30, 2015:

	Balance, beginning of year	Additions	Retirements	Balance, end of year
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Furniture and equipment	\$84,289	\$6,047	(\$51,562)	\$38,774
Sub-total	84,289	<u>6,047</u>	<u>(\$51,562)</u>	38,774
Accumulated depreciation	<u>(76,645)</u>	<u>(\$5,159)</u>	<u>\$51,649</u>	<u>(30,155)</u>
 Total fixed assets, net	 <u><u>\$7,644</u></u>			 <u><u>\$8,619</u></u>

**RICHMOND ART CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS**

At June 30, the Center's total temporarily restricted funds consisted of the following purpose restricted net assets:

	<u>Totals</u>
Studio Art	\$89,429
Art in Community	223,500
Exhibition	52,006
General administration	<u>11,348</u>
	<u>\$376,283</u>

**NOTE 7- ENDOWMENT FUND**

Permanently restricted net assets consist of donations that the funders intend to create a permanent endowment for the Center. The endowment fund was set up on October 12, 1998 to solicit and receive contributions to further the work of the Center and to provide a permanent and reliable source of funding for its operations and to assist the Center in carrying out its mission. The trustees are to pay over to the Center the annual net income, excluding contributions to the Fund, from investments in the Endowment Fund.

As required by Generally Accepted Accounting Principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**A. *Return Objective and Risk Parameters***

The Center has adopted an investment policy with the primary investment objective to attempt to maximize total return, that is, the aggregate return from capital appreciation and dividend and interest income, while assuming an appropriate level of risk given the nature of the funds under management. Specifically, the primary objective in the investment management of the Endowment Fund shall be:

- Long-Term growth of capital – To emphasize the Long-Term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.
- Preservation of purchasing power – to achieve returns in excess of the rate of inflation over the investment time horizon in order to preserve purchasing power of agency and Trust assets. Risk control is an important element in the investment of Trust assets.

**B. *Strategies Employed for Achieving Objectives***

Endowment assets are invested in mutual funds. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**RICHMOND ART CENTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**NOTE 7- ENDOWMENT FUND (Continued)**

Changes in Endowment Net Assets for the fiscal year ended June 30, 2015 are as follows:

	<b>Unrestricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Beginning balance - July 1, 2014		\$31,289	\$31,289
Dividends and realized gains (losses)		34	34
Unrealized gains (losses)		891	891
Ending balance - June 30, 2015	\$0	\$32,214	\$32,214

**NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS**

For the year ended June 30, 2015, net assets were released from restriction for the following:

	<b>Totals</b>
Studio Art	\$45,226
Art in Community	128,125
Exhibition	62,074
General administration	14,725
	\$250,150

**NOTE 9 – CONTINGENT LIABILITIES**

Conditions contained within grants awarded to the Center are subject to the funding entity's criteria under which expenditures may be charged against the grant. Should costs incurred against the grants not comply with the established criteria that govern the grants, the Center could be held responsible for the repayments to the funding source for any disallowed costs or be subject to reductions of future funding in the amount of the disallowed costs. Management is not aware of any material questioned costs for any such grants.

**NOTE 10 – LEASE AGREEMENT**

The Center had a real property lease agreement with the City of Richmond, which expired in June 2015. The Center is currently in process of negotiating a lease agreement with the City. The Center pays no rent for the usage of the space and facilities. The value of the annual use of the property is impracticable to calculate and, therefore, has not been recorded as an in-kind contribution.

**RICHMOND ART CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**NOTE 11 – SPECIAL ITEM**

In 2012, the Center received an interest free loan from the City of Richmond (City) in the amount of \$161,200, to be paid back in five equal annual installments commencing May 31, 2013 through 2017. Under a separate legal agreement between the Center and the City, the City provides for an annual grant to the Center up to \$375,000. During fiscal year 2014-2015, the City determined that in lieu of making a payment of \$100,000 to the Center, it would forgive the remaining balance on the loan, and therefore, \$96,720 was considered forgiven during the fiscal year ended June 30, 2015, and has been recorded as a Special Item on the Statement of Activities.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 19, 2015, the date on which financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2015 that require recognition or disclosure in such financial statements.