

# Sharmayne Sikora

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Certified Public Accountant

7341 N. 1<sup>st</sup> Street, Suite 102  
Fresno, CA 93720  
(559) 291-2700  
(559) 291-3455 Fax

To the Board of Directors  
Fresno Free College Foundation  
Fresno, California

We are pleased to confirm our acceptance and understanding of the services we are to provide for Fresno Free College Foundation, for the fiscal year ended August 31, 2018.

You have requested that we perform the following services:

1. We will provide you with the following bookkeeping services:
  - Reconcile account with bank statements for the General/Payroll account each month, identify errors, and inform you of adjustments. We will not review the cancelled checks or electronic copies of the checks for payees or endorsements. This engagement does not cover the reconciliation of any other bank accounts not listed above.
  - Record Depreciation.
  - Prepare (Review) and reconcile your payroll records, payroll tax returns, and payroll tax deposit for the IRS and California. This engagement does not cover the preparation of any payroll tax returns or payroll tax deposits other than those listed.
  - Record all income and expenses, deposits, and adjusting entries needed each month.

Our bookkeeping services will cover the fiscal year ended August 31, 2018.

2. We will prepare the financial statements for Fresno Free College Foundation, which comprise the annual and any requested interim statements of assets, liabilities, and stockholder's equity, and the related statements of revenues, expenses, and retained earnings cash basis for the fiscal year ended August 31, 2018, and perform a compilation engagement with respect to those financial statements.

The objective of the preparation and compilation portion of our engagement is to –

- prepare financial statements in accordance with the cash basis of accounting based on information provided by you, and
- apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with the cash basis of accounting.

We will conduct our compilation engagement in accordance with the Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the bookkeeping services, preparing the financial statements, and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a

conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the Company or noncompliance with laws and regulations.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities since performing those procedures or taking such action would impair our independence.

The financial statement preparation and compilation portion of the engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare the financial statements in accordance with the cash basis of accounting and assist you in the presentation of the financial statements in accordance with the cash basis of accounting. You have the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your financial statements in accordance with SSARS:

- a. The selection of the cash basis of accounting as the financial reporting framework to be applied in the preparation of the financial statements.
- b. The preparation and fair presentation of financial statements in accordance with the cash basis of accounting.
- c. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
- d. The prevention and detection of fraud.
- e. To ensure that the Company complies with the laws and regulations applicable to its activities.
- f. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- g. To provide us with —
  - Access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other related information.
  - Additional information that may be requested for the purpose of the compilation engagement.
  - Unrestricted access to persons within Fresno Free College Foundation, with whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our tax services, bookkeeping services and the preparation of your financial statements. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

As part of our engagement, we will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them. If, for any reason, I am unable to complete the compilation of your financial statements, I will not issue a report on such statements as a result of this engagement.

Our report will disclose that the financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

You agree to include our accountant's compilation report in any document containing financial statements that indicates that we have performed a compilation engagement on such financial statements and, prior to the inclusion of the report, to obtain our permission to do so.

3. We will also:

- Prepare the Federal and California state income tax returns.
- Prepare any bookkeeping entries that we find necessary in connection with preparation of the income tax returns.

This engagement does not cover the preparation of any other tax returns not listed above.

The objective of the tax services portion of the engagement is to prepare the tax returns in accordance with Statements on Standards for Tax Services issued by the AICPA and comply with the AICPA's *Code of Professional Conduct*, including the ethical principles of integrity, objectivity, professional competence, and due care.

You are responsible for the safeguarding of assets, the proper recording of transactions in the books of accounts, the substantial accuracy of the financial records, and the full and accurate disclosure to us of all relevant facts affecting the return(s). You also have final responsibility for the tax return and, therefore, the appropriate company officials should review the return carefully before an authorized officer signs and files it.

If, during our work, we discover information that affects prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended returns as a separate engagement.

Our work in connection with the preparation of the tax return(s) does not include any procedures designed to discover defalcations or other irregularities, should any exist. The returns will be prepared solely from information provided to us without any verification by us.

In accordance with federal law, in no case will we disclose your tax return information to any location outside the United States, to another tax return preparer outside of our firm for purposes of a second opinion, or to any other third party for any purpose other than to prepare your return without first receiving your consent.

The Internal Revenue Code and regulations impose preparation and disclosure standards with noncompliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that do not meet these standards. Accordingly, we will advise you if we identify such a situation, and we will discuss those tax positions that may increase the risk of exposure to penalties and any recommended disclosures before completing the preparation of the return. If we conclude that we are obligated to disclose a position and you refuse to permit disclosure, we reserve the right to withdraw from the tax services portion of the engagement. Likewise, where we disagree about the obligation to disclose a

position, you also have a right to choose another professional to prepare your return. In either event, you agree to compensate us for our services to the date of the withdrawal. Our firm's engagement with you will terminate upon our withdrawal.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

Certain communications involving tax advice may be privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you, your employees, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our firm's tax advice. Should you decide it is appropriate for our firm to disclose any potentially privileged communication, you agree to provide our firm with written, advance authority to make that disclosure.

Should our firm receive any request for the disclosure of privileged information from any third party, including a subpoena or IRS summons, we will notify you. In the event you direct us not to make the disclosure, you agree to hold us harmless from any expenses incurred in defending the privilege, including, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, or penalties or fines imposed as a result of your asserting the privilege or your direction to us to assert the privilege.

The return(s) may be selected for review by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of a tax examination, we will be available, upon request, to represent you. However, such additional services are not included in our fees for preparation of the tax returns.

### **Other Relevant Information**

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our firm's bookkeeping services and the preparation of your financial statements. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

I, Sharmayne Sikora, CPA, am responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

The fees for these services will be charged at our hourly rates. This fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, we will discuss it with you and arrive at a new estimate before we incur additional costs. Invoices for these fees will be rendered each month as work progresses and are payable upon presentation. You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fee. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

You agree to hold us and our firm harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentations to us.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you acknowledge and

agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



Sharmayne Sikora, CPA

Acknowledged:  
Fresno Free College Foundation



EXECUTIVE DIRECTOR

1/14/19

DATE

**FRESNO FREE COLLEGE FOUNDATION**  
**Fresno, CA**

**FINANCIAL STATEMENTS**  
**(Cash Basis)**

**including**  
**SUPPLEMENTARY INFORMATION**

**with**

**ACCOUNTANT'S COMPILATION REPORT**

**AUGUST 31, 2018**

**FRESNO FREE COLLEGE FOUNDATION**  
Fresno, CA

**SUPPLEMENTARY INFORMATION - EXHIBITS I - VI**  
(Cash Basis)

**August 31, 2018**

*Sharmayne Sikora*

Certified Public Accountant

7341 N. First St., Suite 102

Fresno, CA 93720

Phone: 559/291-2700

Fax : 559/291-3455

**ACCOUNTANT'S COMPILATION REPORT**

To the Board of Directors  
Fresno Free College Foundation  
Fresno, California

Management is responsible for the accompanying financial statements of Fresno Free College Foundation (a non profit corporation), which comprise the statement of assets, liabilities, and net assets - cash basis as of August 31, 2018, and the related statement of revenues, expenses, and changes in net assets – cash basis for the year then ended, and for determining that the cash basis of accounting is an acceptable financial reporting framework. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The supplementary information contained in Exhibits I - VI is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to my compilation engagement, however, I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such supplementary information.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's assets, liabilities, net assets, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Sharmayne Sikora  
Certified Public Accountant

January 7, 2019



**Fresno Free College Foundation**  
**Statement of Assets, Liabilities, and Net Assets - Cash Basis**  
**August 31, 2018**

<b>ASSETS</b>	
Cash and Cash Equivalents	
Cash - Foundation Accounts	\$ 63,028.67
Equipment Net of Accumulated Depreciation	<u>9,831.55</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>72,860.22</u></b>
<b>LIABILITIES &amp; NET ASSETS</b>	
Liabilities	
Payroll Taxes Payable	\$ 3,791.64
Net Assets	
Unrestricted Funds	<u>69,068.58</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ <u>72,860.22</u></b>

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**Fresno Free College Foundation**  
**Statement of Revenues, Expenses, and Changes in Net Assets - Cash Basis**  
**Combined Funds**  
**For the Year Ended August 31, 2018**

<b>Revenues, Gains, and Other Support</b>		
Banquet	\$	20,555.46
Contributions		8,979.22
Dividends		39.78
Events		1,594.45
Grants		14,816.00
Interest Income		6.67
Merchandise Sales		183.00
News Stringer		2,430.00
Other Income		260.23
Subscriptions & Membership		<u>155,168.88</u>
<b>Total Revenues, Gains, and Other Support</b>		<u><u>204,033.69</u></u>
<b>Expenses</b>		
Advertising		80.00
Bank Charges		1,043.20
Banquet Expenses		11,193.13
Depreciation		1,216.00
Equipment		3,976.98
Events		2,911.42
Grants		8,100.00
Insurance		4,991.00
Miscellaneous		25.00
New Stringer Expense		3,200.00
Office Expense		1,391.48
<b>Personnel Costs:</b>		
Health Insurance	\$	9,896.49
Payroll Taxes		6,119.54
Salaries & Wages		55,467.64
Workers Compensation Insurance		<u>560.49</u>
<b>Total Personnel Costs</b>		72,044.16
Postage & Shipping		1,758.92
Printing		992.62
Professional Fees & Memberships		7,742.99
Rent		18,923.81
Repairs		517.74
Royalties		7,388.88
Broadcast Satellite Services		488.57
Security		428.20
Supplies & Office		3,971.12
Telephone		10,411.62
Travel & Lodging		1,167.93
Utilities		<u>12,524.23</u>
<b>Total Expenses</b>		<u><u>176,489.00</u></u>
<b>Change in Net Assets</b>		27,544.69
<b>Net Assets at Beginning of Year</b>		41,523.89
<b>Net Assets at End of Year</b>	\$	<u><u>69,068.58</u></u>

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**Fresno Free College Foundation**  
**Statement of Changes in Net Assets by Fund - Cash Basis**  
**For the Year Ended August 31, 2018**

**EXHIBIT I**

	<b>Unrestricted Net Assets at Aug 31, 2017</b>		<b>Increases</b>		<b>Decreases</b>		<b>Unrestricted Net Assets at Aug 31, 2018</b>
<b>Ananda</b>	31,429.48	\$	6.67	\$	0.00	\$	31,436.15
<b>Central Ca Museum of Arts</b>	(170.68)		0.00		0.00		(170.68)
<b>Central Mountain Waters</b>	-		0.00		0.00		0.00
<b>General Fund</b>	-		20,845.24		(34,057.95)		(13,212.71)
<b>KFCF</b>	9,760.03		183,131.78		(142,431.05)		50,460.76
<b>Partners in Focus</b>	0.30		0.00		0.00		0.30
<b>Sleeping Bag Project</b>	504.76		50.00		0.00		554.76
<b>Totals</b>	<u>\$ 41,523.89</u>	<u>\$</u>	<u>204,033.69</u>	<u>\$</u>	<u>(176,489.00)</u>	<u>\$</u>	<u>69,068.58</u>

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**Fresno Free College Foundation**  
**Statement of Revenue, Expenses,**  
**and Changes in Net Assets - Cash Basis**  
**Ananda Fund**  
**For the Year Ended August 31, 2018**

**EXHIBIT II**

<b>Revenues, Gains, and Other Support</b>	
<b>Interest</b>	<u>6.67</u>
<b>Total Revenues, Gains, and Other Support</b>	<u>6.67</u>
<b>Expenses</b>	
<b>Supplies</b>	<u>0.00</u>
<b>Total Expenses</b>	<u>0.00</u>
<b>Changes in Net Assets</b>	<u>\$ 6.67</u>

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**Fresno Free College Foundation**  
**Statement of Revenue, Expenses,**  
**and Changes in Net Assets - Cash Basis**  
**Central California Museum of Arts Fund**  
**For the Year Ended August 31, 2018**

**EXHIBIT III**

<b>Revenues, Gains, and Other Support</b>	
<b>Contributions</b>	\$ 0.00
<b>Exhibition Fees</b>	0.00
<b>Other Income</b>	<u>0.00</u>
<b>Total Revenues, Gains, and Other Support</b>	<u>0.00</u>
<b>Expenses</b>	
<b>Postage/Shipping</b>	<u>0.00</u>
<b>Total Expenses</b>	<u>0.00</u>
<b>Changes in Net Assets</b>	<u><u>\$ 0.00</u></u>

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**Fresno Free College Foundation**  
**Statement of Revenues, Expenses,**  
**and Changes in Net Assets - Cash Basis**  
**General Fund**  
**For the Year Ended August 31, 2018**

**EXHIBIT IV**

<b>Revenues, Gains, and Other Support</b>		
Banquet		20,555.46
Contributions		0.00
Dividends		39.78
Membership		50.00
Other Income		200.00
<b>Total Revenues, Gains, and Other Support</b>		<b>20,845.24</b>
<b>Expenses</b>		
Bank Charges		15.80
Banquet		11,193.13
Depreciation Expense		304.00
Insurance		459.40
<b>Personnel Costs:</b>		
Health Insurance	\$ 1,979.30	
Payroll Tax	1,223.91	
Salaries & Wages	11,093.53	
Workers Compensation Insurance	114.10	
<b>Total Personnel Costs</b>		14,410.84
Postage		258.47
Printing		394.97
Professional Fees & Memberships		720.44
Rent		1,529.40
Repairs		139.00
Security		85.64
Supplies -Office		720.37
Telephone		2,082.39
Utilities		1,744.10
<b>Total Expenses</b>		<b>34,057.95</b>
<b>Change in Net Assets</b>	<b>\$</b>	<b>(13,212.71)</b>

**Fresno Free College Foundation**  
**Statement of Revenues, Expenses,**  
**and Changes in Net Assets - Cash Basis**  
**KFCF Fund**  
**For the Year Ended August 31, 2018**

**EXHIBIT V**

<b>Revenues, Gains, and Other Support</b>		
Contributions	\$	8,979.22
Events		1,594.45
Grants		14,816.00
Merchandise Sales		183.00
News Stringer		2,430.00
Subscriptions		155,118.88
Other Income		10.23
<b>Total Revenues, Gains, and Other Support</b>		<u>183,131.78</u>
<b>Expenses</b>		
Advertising		80.00
Bank Charges		1,027.40
Depreciation		1,216.00
Equipment		3,672.98
Events		2,911.42
Grants		8,100.00
Insurance		4,531.60
Miscellaneous		25.00
News Stringer Expense		3,200.00
Office Expense		1,391.48
<b>Personnel Costs:</b>		
Health Insurance	\$	7,917.19
Payroll Tax		4,895.63
Salaries & Wages		44,374.11
Workers Compensation Insurance		446.39
<b>Total Personnel Costs</b>		<u>57,633.32</u>
Postage		1,500.45
Printing		597.65
Professional Fees & Memberships		7,022.55
Rent		17,394.41
Repairs		378.74
Royalties		7,388.88
Broadcast Satellite Services		488.57
Security		342.56
Supplies		3,250.75
Telephone		8,329.23
Travel		1,167.93
Utilities		10,780.13
<b>Total Expenses</b>		<u>142,431.05</u>
<b>Change in Net Assets</b>	<b>\$</b>	<u><u>40,700.73</u></u>

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**Fresno Free College Foundation**  
**Statement of Revenues, Expenses,**  
**and Other Changes in Net Assets - Cash Basis**  
**Sleeping Bag Project**  
**For the Year Ended August 31, 2018**

**EXHIBIT VI**

<b>Revenues, Gains, and Other Support</b>	
Other Income	\$ <u>50.00</u>
<b>Total Revenues, Gains, and Other Support</b>	<b>50.00</b>
<b>Expenses</b>	
Supplies	<u>          </u>
<b>Total Expenses</b>	<b><u>          </u></b>
<b>Changes in Net Assets</b>	<b>\$ <u>50.00</u></b>

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT