

COMMITTEE ON THE SHELTERLESS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Financial Position	3 - 4
Statement of Activities	5 - 6
Statement of Functional Expense	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Committee on the Shelterless
Petaluma, California

Report on the Financial Statements

We have audited the accompanying financial statements of Committee on the Shelterless (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows 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 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 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.



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Committee on the Shelterless as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Committee on the Shelterless financial statements for the year ended June 30, 2015, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

January 25, 2017

Santa Rosa, California

COMMITTEE ON THE SHELTERLESS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

(With summarized comparative totals for June 30, 2015)

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 486,998	\$ 581,145
Grants receivable	98,863	186,739
Promises to give, net of allowance for uncollectible promises of \$36,000	413,699	443,883
Prepaid expenses	29,166	32,719
Other receivables	-	100
Total current assets	1,028,726	1,244,586
Fixed assets:		
Mary Isaak Center (MIC)	4,845,672	4,845,672
Real property	471,993	321,950
Capitalized interest - MIC	27,384	27,384
Leasehold improvements	584,018	539,073
Furniture, fixtures and equipment	252,952	214,265
Construction in progress	-	165,785
Vehicles	84,542	84,542
Subtotal	6,266,561	6,198,671
Less accumulated depreciation	(2,895,838)	(2,593,087)
Net fixed assets	3,370,723	3,605,584
Other assets:		
Promises to give, net of current portion and discounts	256,309	330,310
Investments	1,670,316	1,706,174
Deposits	26,985	28,060
Total other assets	1,953,610	2,064,544
Total assets	\$ 6,353,059	\$ 6,914,714

The accompanying notes are an integral part of these financial statements

COMMITTEE ON THE SHELTERLESS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

(With summarized comparative totals for June 30, 2015)

	2016	2015
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 232,763	\$ 268,172
Deferred revenue	816	50,000
Total current liabilities	233,579	318,172
Total liabilities	233,579	318,172
Net assets		
Unrestricted:		
Undesignated	1,721,832	699,366
Board-designated	450,000	450,000
Total unrestricted	2,171,832	1,149,366
Temporarily restricted	2,321,878	3,821,406
Permanently restricted	1,625,770	1,625,770
Total net assets	6,119,480	6,596,542
Total liabilities and net assets	\$ 6,353,059	\$ 6,914,714

The accompanying notes are an integral part of these financial statements

COMMITTEE ON THE SHELTERLESS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

(With summarized comparative information for the year ended June 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permenantly Restricted</u>	<u>2016 Totals</u>	<u>2015 Totals</u>
Support:					
Contributions	\$ 1,097,429	\$ 39,000		\$ 1,136,429	985,868
Grants	1,351,895	170,524		1,522,419	1,948,831
Contract revenue	81,058	-		81,058	-
In-kind contributions	1,334,209	-		1,334,209	779,797
Total public support	<u>3,864,591</u>	<u>209,524</u>		<u>4,074,115</u>	<u>3,714,496</u>
Revenue:					
Rental income	323,265	-		323,265	287,981
Net investment income	(11,242)	-		(11,242)	(51,039)
Other income	669	-		669	12,004
Net assets released from restriction	1,709,052	(1,709,052)		-	-
Total other revenue	<u>2,021,744</u>	<u>(1,709,052)</u>		<u>312,692</u>	<u>248,946</u>
Total support and revenue	<u>5,886,335</u>	<u>(1,499,528)</u>		<u>4,386,807</u>	<u>3,963,442</u>
Expenses:					
Program services					
Food programs	1,500,258			1,500,258	904,824
Emergency shelter	766,916			766,916	717,076
Transitional housing	625,973			625,973	612,050
Permanent supportive housing	462,310			462,310	372,484
Supportive services	513,998			513,998	650,798
Total program expenses	<u>3,869,455</u>			<u>3,869,455</u>	<u>3,257,232</u>
Supporting services:					
Administration	542,452			542,452	495,133
Fundraising	451,962			451,962	566,594
Total expenses	<u>4,863,869</u>			<u>4,863,869</u>	<u>4,318,959</u>
Change in net assets from operations	<u>1,022,466</u>	<u>(1,499,528)</u>	<u>-</u>	<u>(477,062)</u>	<u>(355,517)</u>
Other income:					
Forgiveness of debt	-	-	-	-	1,339,393
Change in net assets	<u>1,022,466</u>	<u>(1,499,528)</u>	<u>-</u>	<u>(477,062)</u>	<u>983,876</u>
Net assets, beginning of year	<u>1,149,366</u>	<u>3,821,406</u>	<u>1,625,770</u>	<u>6,596,542</u>	<u>5,612,666</u>
Net assets, end of year	<u>\$ 2,171,832</u>	<u>\$2,321,878</u>	<u>\$ 1,625,770</u>	<u>\$ 6,119,480</u>	<u>\$ 6,596,542</u>

The accompanying notes are an integral part of these financial statements

COMMITTEE ON THE SHELTERLESS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

(With summarized comparative information for the year ended June 30, 2015)

	Food Programs	Emergency Shelter	Transitional Housing	Permanent Supportive Housing	Supportive Services	Total Program	Management and General	Fundraising	2016 Total	2015 Total
Salaries and wages	\$ 86,394	\$ 363,904	\$ 134,289	\$ 87,124	\$ 234,650	\$ 906,361	\$ 434,215	\$ 250,345	\$1,590,921	\$1,584,252
Payroll tax expense	7,677	32,993	11,882	7,458	21,845	81,855	37,170	20,930	139,955	143,729
Employee benefits	22,883	52,923	32,181	26,078	44,310	178,375	50,222	26,279	254,876	271,395
Food supplies	1,181,537	-	-	-	-	1,181,537	-	-	1,181,537	526,697
Occupancy	19,986	87,100	206,397	299,346	43,081	655,910	5,421	4,517	665,848	612,952
Contract services	-	5,657	1,272	884	929	8,742	24,416	75,224	108,382	184,166
Program expenses	3,110	20,177	73,003	10,136	116,795	223,221	7,063	-	230,284	329,988
Supplies	12,274	28,667	6,100	160	719	47,920	-	-	47,920	63,812
Office supplies and equipment	251	3,503	2,652	1,073	1,556	9,035	13,564	5,504	28,103	30,542
Repairs and maintenance	-	15,179	43,569	12,529	5,154	76,431	28,825	-	105,256	41,244
Legal and professional fees	-	-	3,378	15	-	3,393	31,632	-	35,025	29,649
Insurance	3,409	8,127	5,619	2,315	4,151	23,621	13,345	2,689	39,655	38,884
Telephone	1,069	5,214	3,100	1,936	3,942	15,261	4,996	1,978	22,235	20,154
Travel	-	2,198	2,288	2,310	6,174	12,970	4,078	453	17,501	22,112
Uncollectible pledges	-	-	-	-	-	-	-	32,733	32,733	81,622
Other operating expenses	1,300	623	1,118	1,270	1,094	5,405	20,040	10,985	36,430	35,825
Site services allocation	44,437	55,001	39,580	-	7,443	146,461	(152,354)	5,893	-	-
Information services allocation	5,170	3,814	1,780	509	10,053	21,326	(29,022)	7,696	-	-
Subtotal	<u>1,389,497</u>	<u>685,080</u>	<u>568,208</u>	<u>453,143</u>	<u>501,896</u>	<u>3,597,824</u>	<u>493,611</u>	<u>445,226</u>	<u>4,536,661</u>	<u>4,017,023</u>
Investment Fees	-	-	-	-	-	-	24,457	-	24,457	24,928
Depreciation and amortization	<u>110,761</u>	<u>81,836</u>	<u>57,765</u>	<u>9,167</u>	<u>12,102</u>	<u>271,631</u>	<u>24,384</u>	<u>6,736</u>	<u>302,751</u>	<u>277,008</u>
Total expenses	<u>\$ 1,500,258</u>	<u>\$ 766,916</u>	<u>\$ 625,973</u>	<u>\$ 462,310</u>	<u>\$ 513,998</u>	<u>\$ 3,869,455</u>	<u>\$ 542,452</u>	<u>\$ 451,962</u>	<u>\$ 4,863,869</u>	<u>\$ 4,318,959</u>

The accompanying notes are an integral part of these financial statements

COMMITTEE ON THE SHELTERLESS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

(With summarized comparative information for the year ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (477,062)	\$ 983,876
Adjustments to reconcile change in net assets to cash from operations		
Depreciation and amortization	302,751	277,008
Realized and unrealized gain on investments	56,251	114,106
Forgiveness of debt	-	(1,338,793)
(Increase) decrease in:		
Grants receivable	87,876	175,785
Promises to give	104,185	142,710
Other receivables	100	26
Prepaid expenses	3,553	(4,194)
Deposits	1,075	(7,260)
Increase (decrease) in:		
Accounts payable and accrued expenses	(35,409)	40,536
Deferred revenue	(49,184)	-
Total cash (used) provided by operations	<u>(5,864)</u>	<u>383,800</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in investments held	(20,393)	(38,214)
Purchase of property and equipment	(67,890)	(180,455)
Total cash used by investing activities	<u>(88,283)</u>	<u>(218,669)</u>
NET CHANGE IN CASH	(94,147)	165,131
CASH AND CASH EQUIVALENTS, beginning of year	<u>581,145</u>	<u>416,014</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 486,998</u></u>	<u><u>\$ 581,145</u></u>

The accompanying notes are an integral part of these financial statements

COMMITTEE ON THE SHELTERLESS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 ORGANIZATION

Committee on the Shelterless (COTS) organized as a nonprofit corporation in 1988. COTS serves over 2,400 children and adults total, with 1,200 sheltered & housed, in 326 beds. Each year providing emergency food by serving over 137,000 meals, as well as providing shelter, transitional housing, and permanent supportive housing located in Petaluma and Rohnert Park, California. COTS achieves program excellence through the development and implementation of programs and supportive services informed by research into Adverse Childhood Experiences (ACEs) and Resiliency Theory (RT), structured within a framework developed by Restorative Integral Support (RIS). COTS reach and effectiveness can be felt across Sonoma County. COTS is primarily supported by public and private monies.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – COTS reports information regarding its financial position and activities on an accrual basis according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of COTS to meet the stipulations or that become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be retained and invested permanently by COTS to use all or part of the investment return on these net assets for specified or unspecified purposes.

Net assets released from restriction – Temporarily restricted net assets are “released” to unrestricted net assets when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

COMMITTEE ON THE SHELTERLESS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Other Basis of Presentation Policies – Revenues or support are reported as increases in unrestricted net assets unless subject to donor-imposed restrictions. If temporary restrictions are fulfilled in the same time period the revenue or support is received, COTS reports the revenue or support as unrestricted. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents – COTS considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

COTS maintains cash balances at local financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, COTS held cash and cash equivalent balances in excess of federally insured limits. At June 30, 2016, the balance over the FDIC limit is \$33,462.

Accounts receivable – Accounts receivable are monies due from county agencies for services performed the prior month. Management has created an allowance based on historical collectability after county reconciliation of the cost settlement reports.

Promises to give receivable – Promises to give receivable is the amount remaining from promises issued by donors each year. Management has reviewed the historical collectability of the promises and set up an allowance. All promises in excess of twelve months is discounted at a rate determined by management.

Investments – Investments are made up of stocks, mutual funds, treasury funds and certificates of deposits and are reported at their fair values in the statement of financial position. The fair value of the equities securities are based upon quoted prices in active markets (Level 1 measurements). Realized and unrealized gains and losses are included in the change in net assets and are included in the statement of activities as net realized and unrealized gains on investments.

Fair Value Measures – COTS reports its fair value measures by using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

COMMITTEE ON THE SHELTERLESS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measures, continued – The three level of the fair value hierarchy under GAAP are:

Level 1 – Unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices for valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (inputs are supported by little or no market activity).

Fixed Assets – Fixed assets are carried at cost or at estimated fair market value at date of donation or purchase. Depreciation is calculated using the straight-line method over the useful life of the asset. Property and equipment acquired by COTS is deemed to be owned by COTS; however, funding sources may maintain an equitable interest in the property acquired with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. Property and equipment acquired with explicit restrictions regarding their use are reported as restricted support, absent donor stipulations regarding how long-lived donated assets must be maintained, COTS reports expirations of donor restrictions when the donated or acquired property is placed into service. COTS reclassified temporarily restricted net assets to unrestricted net assets at that time. It is COTS policy to capitalize assets over \$5,000.

Income Taxes – COTS is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701(d). Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined COTS is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of COTS considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to COTS status as a not-for-profit entity. Management believes COTS met the requirements to maintain its tax-exempt status and has not income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these financial statements. COTS tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

COMMITTEE ON THE SHELTERLESS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes, continued – COTS evaluation on June 30, 2016 revealed no tax positions that would have a material impact on the financial statements. COTS does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

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 these estimates.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activity. Accordingly, certain costs have been allocated among the programs and supporting services.

Donated Services and Items – Some people have contributed amounts of time and inventory to the activities of COTS without compensation. The financial statements do not reflect the value of those contributed services and items because no reliable basis exists for determining an appropriate valuation.

Reclassifications – Certain reclassifications have been made to the June 30, 2015 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Summarized Financial 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with COTS financial statements for the year ended June 30, 2015, from which the summarized information was derived.

COMMITTEE ON THE SHELTERLESS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 PROMISES TO GIVE

Unconditional promises to give consist of the following:

City of Petaluma, value of facilities	\$ 225,007
Private parties	445,001

The value of the facilities provided under the lease with the City of Petaluma was estimated by COTS management and the landlord based on comparable market rents. Financial reporting reflects discounts of \$21,711 to net present value, and allowance for uncollectible promises of \$36,000. Bad debt expense for the year ended June 30, 2016 was \$32,733.

NOTE 4 FAIR VALUE MEASUREMENTS AND INVESTMENTS

In 2003, COTS opened an endowment fund with Community Foundation of Sonoma County (CFSC), a 501(c)(3) organization. The nature of the funds held by CFSC are investment funds held as component parts under Treasury Regulation Sec 1.170A-9-(e)(11). The Board of Directors of COTS has adopted the investment policy of CFSC. The board of directors of CFSC has adopted a Total Return Concept which can offer the advantage of designing long-term investment strategies to provide for a balance between current income and capital appreciation. The CFSC investment advisory committee meets at least annually to review asset allocation policy to determine if established guidelines are appropriate to adopted investment goals. Investments are reported based on quoted market prices.

The following table sets forth, by level within the fair value hierarchy, COTS assets measured at fair value on a recurring basis at June 30, 2016 – all Level 2:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2015	\$ 80,404	\$ -	\$ 1,625,770	\$ 1,706,174
Investment income (loss)	(11,401)	-	-	(11,401)
Investment expenses	(24,457)	-	-	(24,457)
Balance, June 30, 2016	\$ 44,546	\$ -	\$ 1,625,770	\$ 1,670,316

NOTE 5 IN-KIND DONATIONS

COTS received \$1,334,209 of in-kind donations that consist of food for the program kitchen for the year ended June 30, 2016.

COMMITTEE ON THE SHELTERLESS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 LEASE COMMITMENTS

COTS has property leases with the City of Petaluma, California for terms ranging from month-to-month to 19 years remaining. Rent of \$1 per year per house has been paid for the renewal of some of the leases. No future minimum lease obligations remain. COTS is restricted to using the premises as emergency shelter for singles, transitional housing for families with children, and shared transitional housing for singles, administrative offices, a community kitchen, and social service programs related to family emergency housing.

COTS also leases houses and apartments from private rental firms and individuals. Most of these lease arrangements are month-to-month with one lease for apartments that terminates in August 2016. As of June 30, 2016, future minimum lease obligations are \$260,912 for June 30, 2017 and \$14,089 for June 30, 2018. Program occupancy costs for the year ended June 30, 2016 are \$424,515. Total occupancy costs for the year, which include administrative and fund development costs are \$665,910.

NOTE 7 TEMPORARILY RESTRICTED NET ASSESTS

In 2003, COTS constructed a building (Mary Isaak Center) on land owned by the City of Petaluma to provide emergency shelter and transitional housing to the homeless or disenfranchised. The cost of land improvements and building construction was paid for by public funds, government grants, and two notes payable. The Mary Isaak Center was substantially completed and operating in 2004. Total cost of acquisition and construction was \$5,160,839, including cost of the land improvement and leasehold improvements. The two loans totaling \$1,000,000 were forgiven in the current year ended June 30, 2015, and the restrictions on the grant received by the United States Department of Housing and Urban Development in the amount of \$400,000 will be removed by 2024, if the building continues to operate as an emergency shelter or transitional housing. COTS does not intend to change its use. Both loans and the grant are secured by land and the building. The balance at June 30, 2016 for the building is \$3,453,368.

COTS also had temporarily restricted net assets that have time and program restrictions. The balance at June 30, 2016 is \$207,902.

Total temporarily restricted net assets as June 30, 2016 is \$3,661,270.

COMMITTEE ON THE SHELTERLESS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 403(b) SAVINGS PLAN

COTS has a 403(b) Plan (Plan) to provide retirement and incidental benefits for its employees. Eligible employees may make elective deferral contributions to the Plan, up to maximum annual amounts as set periodically by the Internal Revenue Service. COTS may make discretionary contributions to participating employees' qualified compensation. COTS did not contribute for the year ended June 30, 2016.

NOTE 9 SUBSEQUENT EVENTS

COTS has evaluated subsequent events through January 25, 2017, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2016 that would have a material impact on COTS results of operations or financial position.