

JUMA VENTURES

DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

# **Juma Ventures**

## **Independent Auditors' Report and Financial Statements**

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## **Independent Auditors' Report**

THE BOARD OF DIRECTORS  
JUMA VENTURES  
San Francisco, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **JUMA VENTURES, (Juma Ventures or Juma)** which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 Juma'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 Juma'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.

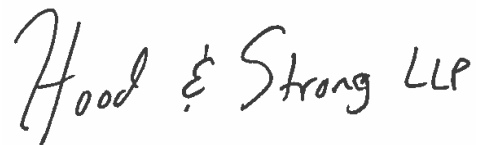
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Juma Ventures as of December 31, 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter***Report on Summarized Comparative Information*

We have previously audited Juma Ventures' 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in cursive script that reads "Hood & Strong LLP".

San Francisco, California  
June 7, 2017

# Juma Ventures

## Statement of Financial Position

<i>December 31, 2016 (with comparative totals for 2015)</i>	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 1,887,998	\$ 1,295,676
Grants and contributions receivable, net	343,530	750,559
Accounts receivable	118,950	88,211
Investments	155,189	153,859
Restricted cash	1,421,841	1,202,340
Prepaid expenses and other assets	158,451	171,471
<b>Total assets</b>	<b>\$ 4,085,959</b>	<b>\$ 3,662,116</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 339,770	\$ 249,726
Individual development accounts (IDA)	322,657	291,471
Agency payable	143,248	132,207
Deferred revenue	508,677	414,985
<b>Total current liabilities</b>	<b>1,314,352</b>	<b>1,088,389</b>
<b>Net Assets:</b>		
Unrestricted	421,929	199,072
Temporarily restricted	2,349,678	2,374,655
<b>Total net assets</b>	<b>2,771,607</b>	<b>2,573,727</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,085,959</b>	<b>\$ 3,662,116</b>

See accompanying notes to financial statements.

# Juma Ventures

## Statement of Activities and Changes in Net Assets

*Year Ended December 31, 2016 (with comparative totals for 2015)*

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
<b>Revenues and Support:</b>				
Grants and contributions	\$ 1,450,241	\$ 2,361,473	\$ 3,811,714	\$ 3,496,338
Employment projects	3,934,819		3,934,819	3,334,412
Investment income	2,702		2,702	2,697
Special events (net of direct expenses of \$87,916 for 2016)	132,122	64,789	196,911	
Miscellaneous income	77,164		77,164	59,713
Net assets released from restrictions	2,451,239	(2,451,239)	-	-
<b>Total revenues and support</b>	<b>8,048,287</b>	<b>(24,977)</b>	<b>8,023,310</b>	<b>6,893,160</b>
<b>Expenses:</b>				
Program services	6,411,450		6,411,450	5,508,099
Supporting services:				
Management and general	564,298		564,298	612,130
Fundraising	849,682		849,682	744,465
<b>Total expenses</b>	<b>7,825,430</b>		<b>7,825,430</b>	<b>6,864,694</b>
<b>Change in Net Assets</b>	<b>222,857</b>	<b>(24,977)</b>	<b>197,880</b>	<b>28,466</b>
<b>Net Assets - Beginning of the year</b>	<b>199,072</b>	<b>2,374,655</b>	<b>2,573,727</b>	<b>2,545,261</b>
<b>Net Assets - End of the year</b>	<b>\$ 421,929</b>	<b>\$ 2,349,678</b>	<b>\$ 2,771,607</b>	<b>\$ 2,573,727</b>

See accompanying notes to financial statements.

# Juma Ventures

## Statement of Functional Expenses

*Year Ended December 31, 2016 (with comparative totals for 2015)*

	Program Services				Supporting Services			2016 Total	2015 Total
	Business Employment	Workforce Resources	Replication	Total	Management and General	Fundraising	Total		
<b>Employee Compensation:</b>									
Salaries	\$ 2,223,983	\$ 1,024,631	\$ 13,439	\$ 3,262,053	\$ 384,351	\$ 593,525	\$ 977,876	\$ 4,239,929	\$ 3,280,861
Payroll taxes and benefits	367,393	169,261	1,669	538,323	60,412	101,778	162,190	700,513	569,391
<b>Total personnel</b>	<b>2,591,376</b>	<b>1,193,892</b>	<b>15,108</b>	<b>3,800,376</b>	<b>444,763</b>	<b>695,303</b>	<b>1,140,066</b>	<b>4,940,442</b>	<b>3,850,252</b>
<b>Other Expenses:</b>									
Consultants and professional	76,889	25,959	137,635	240,483	50,421	20,815	71,236	311,719	219,194
Cost of goods sold and concession fees	1,513,871			1,513,871			-	1,513,871	1,715,100
Equipment	23,652	5,154		28,806	2,451	1,930	4,381	33,187	55,827
Financial assistance	11	148,646		148,657			-	148,657	124,855
Grants and contracts		10,950		10,950			-	10,950	5,000
Insurance and property taxes	31,905	11,627		43,532	1,907	1,380	3,287	46,819	32,232
Marketing and public relations	1,298	1,193	45	2,536		42,502	42,502	45,038	72,432
Meeting expenses	8,908	51,038	1,350	61,296	3,312	5,627	8,939	70,235	50,787
Postage, printing, and supplies	28,346	17,805	275	46,426	4,745	9,159	13,904	60,330	46,855
Rent	74,345	146,387		220,732	23,747	21,768	45,515	266,247	277,905
Repairs and maintenance	20,749	75		20,824			-	20,824	7,776
Telephone, internet, email	34,445	20,197	392	55,034	6,356	1,647	8,003	63,037	55,152
Training stipend and supplies costs	54,939	7	176	55,122			-	55,122	51,895
Travel and transportation	23,372	47,302	21,822	92,496	1,357	20,235	21,592	114,088	117,224
Union Fee	8,544			8,544			-	8,544	11,832
Utilities	768	1,468		2,236	16	15	31	2,267	9,193
Depreciation and amortization	5,584			5,584	20,285		20,285	25,869	36,049
Bad debt expense				-		28,000	28,000	28,000	81,000
Other expenses	48,111	5,633	201	53,945	4,938	1,301	6,239	60,184	44,134
<b>Total Expenses</b>	<b>\$ 4,547,113</b>	<b>\$ 1,687,333</b>	<b>\$ 177,004</b>	<b>\$ 6,411,450</b>	<b>\$ 564,298</b>	<b>\$ 849,682</b>	<b>\$ 1,413,980</b>	<b>\$ 7,825,430</b>	<b>\$ 6,864,694</b>

See accompanying notes to financial statements.

# Juma Ventures

## Statement of Cash Flows

<i>Year Ended December 31, 2016 (with comparative totals for 2015)</i>	2016	2015
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 197,879	\$ 28,466
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	25,869	36,049
Loss on disposal of assets		13,002
Allowance for doubtful accounts	87,000	49,000
(Increase) decrease in operating assets:		
Grants and contributions receivable	320,029	67,660
Accounts receivable	(30,739)	79,743
Prepaid expenses and other assets	(14,178)	(15,862)
Accounts payable and accrued expenses	90,044	(17,238)
Individual development accounts (IDA)	26,820	(107,767)
Agency payable	15,407	15,407
Deferred revenue	93,692	234,335
Net cash provided by operating activities	811,823	382,795
<b>Cash Flows from Investing Activities:</b>		
Purchase of equipment		(8,952)
Proceeds from investments		150,265
Net cash provided by investing activities	-	141,313
<b>Increase in Cash and Cash Equivalents</b>	811,823	524,108
<b>Cash and Cash Equivalents - Beginning of year</b>	2,498,016	1,973,908
<b>Cash and Cash Equivalents - End of year</b>	3,309,839	\$ 2,498,016
<b>Components of Cash and Cash Equivalents:</b>		
Cash and cash equivalents	\$ 1,887,998	\$ 1,295,676
Restricted cash	1,421,841	1,202,340
	\$ 3,309,839	\$ 2,498,016

See accompanying notes to financial statements.



# Juma Ventures

## Notes to Financial Statements

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### Note 1 - Description of the Organization:

Juma Ventures (or Juma) is a nonprofit, youth development organization whose mission is to break the cycle of poverty by paving the way to work, education and financial capability for youth across America. Founded in 1993, Juma empowers youth from underserved communities to make successful transitions to independence in adulthood.

Juma is a unique social enterprise that operates concessions businesses at major sports and entertainment venues with the purpose of providing meaningful employment and workforce development training opportunities to youth from low-income backgrounds. The experience youth receive working at Juma's social enterprise is complemented by Juma's unique programming that combines financial capability, education and career supportive services.

Juma receives the majority of its revenues through grants, contributions, and sales generated from its employment projects.

**Employment and Workforce Resources:** Through Juma's integrated and comprehensive suite of services, Juma ensures that young people have the tools to break the cycle of poverty.

- **Job skills training and part-time employment:** For most youth, Juma is their first job and our social enterprise concessions businesses serve as a learning laboratory for youth to gain skills, confidence and work experience, laying a foundation for future employment and independent adulthood. Youth complete a professional skills curriculum that covers essential components of workplace etiquette with an emphasis on communication and soft skills development. Every youth also undergoes training in customer service, money handling, and position specific skills to prepare them as baristas, vendors and cashiers. High-performing youth are promoted into leadership positions for which they receive additional training in staff supervision and management.
- **Financial Capability and asset building services:** Juma provides youth with the opportunity to develop lifelong savings habits and money management skills. Youth are supported to open basic bank accounts and complete a combination of online and in-person financial literacy workshops. College-bound youth open matched savings accounts that allow them to leverage their earned income. Juma provides at least a 1:1 savings match, turning \$500 into \$1,000 that can be used for college expenses.

# Juma Ventures

## Notes to Financial Statements

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- **Education services:**

Alongside Juma's employment and financial capability services, Juma's Pathways program supports low-income youth who strive to become the first in their family to go to college. Juma provides integrated and comprehensive services that ensures youth graduate from high school and enter post-secondary ready for college success. In the Bay Area, Juma participants receive case management and develop an education plan with the support of their Youth Development Coordinator. Youth participate in college and career tours with major employers that aid youth in understanding the relevance of college. Juma specifically provides assistance with college and financial aid applications, as well as standardized testing preparation, after school tutoring, and career workshops with panelists from various industries that encourage college completion. Outside of the Bay Area, Juma partners with 'best in class' organizations through a collective impact model to provide Juma youth with education, college access and other supportive services.

Juma's Youth Connect program supports youth aged 16-24 who have become disconnected from both school and work for the last six months (Opportunity Youth). Juma provides career-focused supportive services to help youth overcome barriers to employment and provide a launchpad into future career and education pathways. Juma's Career Coaches help youth 1:1 to overcome initial barriers to successful employment, build professional skills while on the job at our social enterprise and set career goals. Youth also participate in a series of career panels to expose youth to a range of job and educational pathways and complete job attainment skills workshops such as resume writing and mock interviews. After utilizing Juma's social enterprise as a training ground, Juma helps connect youth with continued education pathways and/or permanent work that has the potential to move them from low-skill to middle-skill work, and towards a family sustaining income.

**Replication:** Juma's replication efforts comprise the establishment of new enterprise and programmatic operations in new and existing markets. Key replication activities include staff travel, infrastructure development, and start-up of new social enterprise operations at major sports and entertainment venues. Juma's leadership team travels to prospective markets for purposes of fund development and oversight of social enterprise start-up and operations.

Juma's vision is to align corporate social responsibility strategies of major sports franchises, national vending and concessions companies, financial institutions, and other corporate partners toward a common vision: to create jobs for low-income young people throughout the country. In 2016, Juma operated in San Francisco, Oakland, Santa Clara, Sacramento, Seattle, New Orleans, Atlanta, and New York. In 2017, Juma opened two new locations in Dallas and Houston.

# Juma Ventures

## Notes to Financial Statements

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### Note 2 - Summary of Significant Accounting Policies:

#### a. Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements have been presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets predicated upon the existence of donor-imposed restrictions. As of December 31, 2016, Juma did not have any permanently restricted net assets.

#### *Unrestricted Net Assets*

Unrestricted net assets represent the portion of net assets that is neither temporarily restricted nor permanently restricted by donor-imposed stipulations.

#### *Temporarily Restricted Net Assets*

Temporarily restricted net assets represent the portion of net assets the use of which by Juma is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Juma.

#### b. Revenue Recognition

Contributions and grants are recognized at their fair value when the donor/grantor makes an unconditional promise to give to Juma Ventures. Contributions restricted by the donor are reported as an increase in unrestricted net assets if the restriction is released in the same reporting period in which the support is received. If the restriction is released in a different reporting period, such revenue is reported as temporarily restricted support and then reclassified to unrestricted net assets upon expiration of the restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows when a material impact is noted and are discounted at an appropriate discount rate. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Government grants and contracts are recognized when Juma incurs expenditures related to the required services. Amounts billed or received in advance are recorded as deferred revenue until the related services are performed. Amounts due at December 31, 2016 are included in grants and contributions receivable.

# Juma Ventures

## Notes to Financial Statements

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Revenue from employment projects is presented in the statement of activities before deduction of related costs. Related costs of goods sold and concession fees of \$1,513,871 for the year ended December 31, 2016 are presented in the statement of functional expenses. Net revenue from employment projects is \$2,420,948 after deduction for these costs.

c. Cash and Cash Equivalents

Juma Ventures considers investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash in banks, certificates of deposit, and money market funds.

In addition, Juma maintains restricted cash balances as required by its programs and agency agreements. At December 31, 2016, total restricted cash for Individual Development Accounts (IDA) was approximately \$1,279,000 with the remaining of approximately \$143,000 restricted for the Juma Trust (Note 6).

d. Grants, Contributions and Accounts Receivable

Grants, contributions, and accounts receivable are stated at the amount management expects to collect from outstanding balances. Juma uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made.

e. Investments

Investments consist of certificates of deposit with initial maturities greater than three months and are carried at cost, investments also include money market funds and are recorded at fair market value. Investments received through gifts are recorded at estimated fair value at the date of donation. Gains or losses are recognized in the Statement of Activities and Changes in Net Assets in the period such fluctuations occur. Dividend and interest income are accrued when earned.

Investments include money market funds with a fair value of \$51,232 and are classified as Level 1 under fair value measurement inputs. Certificates of Deposit are not subject to fair value measurements as they do not meet the definition of an equity security.

f. Fair Value Measurements

Juma carries certain assets and liabilities at fair value. 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. Juma classifies its financial assets and liabilities according to three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

# Juma Ventures

## Notes to Financial Statements

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Level 2 - Observable inputs other than quoted market prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

g. Inventory

Inventory is stated at the lower of cost or market, using the first-in, first-out method, and consists primarily of ice cream, beverages, food, and paper products.

h. Property and Equipment

Property and equipment are recorded at cost and are capitalized if these expenditures are \$5,000 or more and with a useful life in excess of one year.

Depreciation is provided using the straight-line method over estimated useful lives of three to twenty years. Maintenance and repairs are charged to expense as incurred.

i. Functional Expense Allocation

Indirect expenses are allocated to program and support services based on estimates of time and usage determined by management.

j. Advertising Costs

Advertising expenses are included in program services and are expensed as incurred. Juma incurred approximately \$25,000 in direct advertising costs for 2016.

k. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

l. Comparative Information and Reclassifications

The financial information for the year ended December 31, 2015 has been presented for comparative purposes only and is not intended to be a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Juma Ventures' financial statements for the year ended December 31, 2015 from which the summarized information was obtained.

# Juma Ventures

## Notes to Financial Statements

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Certain reclassifications have been made to the 2015 financial statements in order to conform to the 2016 presentation. These reclassifications had no impact on net assets or changes in net assets.

m. Tax-Exempt Status

Juma Ventures has been determined to be exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

Juma Ventures follows the guidance on accounting for uncertainty in income taxes issued by FASB ASC Topic 740. As of December 31, 2016, management evaluated Juma's tax positions and concluded that Juma had maintained its tax exempt status and had taken no uncertain tax positions that required adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

n. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is not permitted. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. Juma Ventures has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In August 2014, FASB issued ASU 2014-15 – Presentation of Financial Statements Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. The Update provides U.S. GAAP guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and about related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. The amendments in this Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. Juma's adoption of the guidance did not have an impact on the financial statements and disclosures.

# Juma Ventures

## Notes to Financial Statements

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In February 2016, the FASB issued amendments to ASU 2016-02. Among other things, in the amendments in ASU 2016-02, lessees will be required to recognize the following for all leases (with exception of short-term leases) at the commencement date: 1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and 2) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020 for a calendar year entity) and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. Juma Ventures is currently evaluating the guidance and the effect that the updated standard will have on its financial statements.

In August 2016, FASB issued ASU 2016-04 Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this update are designed to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application is permitted. Amendments should be applied on a retrospective basis in the year the update is first applied. Juma Ventures is currently evaluating the impact of this pronouncement on its financial statements.

In November 2016, FASB issued ASU 2016-18 – Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. The amendments should be applied using a retrospective transition method to each period presented. Juma Ventures is currently evaluating the impact of this pronouncement on its financial statements.

o. Subsequent Events

Juma evaluated subsequent events with respect to the financial statements for the year ended December 31, 2016 through June 7, 2017, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

# Juma Ventures

## Notes to Financial Statements

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### Note 3 - Grants, Contributions and Accounts Receivable:

Accounts receivable consisted of the following as of December 31, 2016:

*Grants and Contributions:*

Grants receivables	\$ 320,467
Pledges receivable (net of discount to net present value \$937 and allowance of \$36,000)	23,063
<hr/>	
Subtotal	343,530

*Accounts Receivable:*

Concessionaire receivables	81,485
Other receivables	37,465
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Subtotal	118,950
<hr/>	
Total	\$ 462,480

At December 31, 2016, receivables are due as follows:

Receivable in less than one year	\$ 439,417
Receivable in one to five years	23,063
<hr/>	
	\$ 462,480

During 2016, Juma received multiple multi-year conditional grants of up to \$400,000 over two years. The grants have program milestones and the grantors may cancel future payments if Juma does not meet the program goals for that year. Juma earned \$225,000 under these grants during 2016.



# Juma Ventures

## Notes to Financial Statements

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**Note 4 - Prepaid Expenses and Other Assets:**

Other assets at December 31, 2016 consisted of the following:

Inventories	\$ 18,937
Prepaid expenses	85,905
Deposits	26,967
Furniture and equipment (net of accumulated depreciation of \$293,686)	26,642
	<hr/>
	\$ 158,451

Depreciation and amortization of furniture and equipment for the year ended December 31, 2016 was \$25,869.

**Note 5 - Individual Development Accounts:**

Juma currently operates one of the largest Individual Development Account (IDA) programs for youth in the U.S. The IDA program enables Juma youth to establish savings accounts, begin to save money from their paychecks, obtain money management education, and receive matching funds to accelerate their savings toward college-related expenses. Money saved and matched in a Juma IDA can be used only for college-related expenses and is usually issued directly to the college. As of December 31, 2016, total IDA accounts held for youth was \$322,657.

**Note 6 - Agency Payable:**

Juma assisted with the creation of the Juma Trust, a statutory trust incorporated in Delaware. Juma Trust was established to promote college access by opening and managing college savings accounts that encourage student savings through matched funding and incentives on behalf of a third party organization.

The Trust maintains separate accounting books that are included in Juma's financial statements because Juma serves as the sole Trustee. Total cash as of December 31, 2016 was \$143,248 with an equal corresponding liability.

**Note 7 - Line of Credit:**

In October 2016, Juma entered a line of credit agreement with a third party with a credit limit of \$350,000. All indebtedness under this Credit Agreement is secured by Juma's accounts receivable, inventory and property and equipment. Borrowings under the line of credit bear interest at the lender's prime rate of 4% plus a margin as applied by the lender. As of December 31, 2016, there was not an outstanding balance on the line of credit and the interest rate was 4.25%.

# Juma Ventures

## Notes to Financial Statements

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### Note 8 - Temporarily Restricted Net Assets:

As of December 31, 2016, temporarily restricted net assets of \$1,695,859 are available for program services and employment development activities. Temporarily restricted net assets of \$653,819 are restricted for the Individual Development Account (IDA) program participants' savings match claims over a period of up to five years from the time the participant enters the program.

During 2016, net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors of \$2,451,239.

### Note 9 - Commitments and Contingencies:

#### a. Operating Leases

Juma entered into several lease agreements for its headquarters and regional offices. During December 31, 2016, Juma extended the lease for its headquarters for an additional five-year period beginning January 1, 2017. The approximate future minimum lease payments related to these leases are as follows:

Year Ended	
December 31,	
2017	\$ 273,000
2018	234,000
2019	235,000
2020	241,000
2021	252,000
Thereafter	547,000
	<hr/>
	\$ 1,782,000

Total rent expense for the year ended December 31, 2016 was \$266,247.

#### b. Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the grant instruments. Failure to fulfill the conditions could result in return of the funds to the grantors. Juma Ventures deems this contingency remote. Management is of the opinion that Juma Ventures has complied with the terms of all grants.

# Juma Ventures

## Notes to Financial Statements

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### **Note 10 - Concentrations of Credit Risk:**

Juma Ventures has defined its financial instruments, which are potentially subject to credit risk as cash, investments and accounts receivable.

At December 31, 2016, Juma Ventures had approximately \$2,825,807 of cash deposits in excess of federally insured limits. Investments consist of money market funds and certificates of deposit.

Grants and contributions receivables consist primarily of unsecured amounts due from foundations and governmental agencies. Approximately 71% of these receivables are due from four donors.

For the year ended December 31, 2016, one concessionaire provided approximately 84% of the employment projects revenue through exclusive contracts at multiple venues.

### **Note 11 - Related Party Transactions:**

Juma Ventures has and may continue to have Board and committee members who are employed by corporations that provide services or donations to Juma Ventures. Juma has a conflict of interest policy which covers custodial and vendor relationships with Board, committee members, and staff. The policy requires annual disclosures and discussion of potential conflicts at meetings, so that Board Members, committee members, and staff may continue to serve Juma Ventures through their professional knowledge and expertise.