

SOMOS MAYFAIR, INC.

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2008

(With comparative totals for June 30, 2007)

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



Lynda R. Boman
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
SOMOS MAYFAIR, INC.
San Jose, California

I have audited the accompanying statement of financial position of Somos Mayfair, Inc. (a California nonprofit public benefit corporation) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. All information included in these financial statements is the representation of the management of Somos Mayfair, Inc. My responsibility is to express an opinion on these financial statements based on the audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Somos Mayfair, Inc., as of June 30, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

The prior year summarized comparative information has been derived from the organization's FYE June 30, 2007 financial statements. The 2007 financial statements were reviewed by me and my report thereon, dated November 19, 2007 stated I was not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

Campbell, CA
October 6, 2008

SOMOS MAYFAIR, INC.
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION

June 30, 2008
(With Comparative Totals for 2007)

	<u>2008 Total (Audited)</u>	<u>2007 Total (Reviewed)</u>
ASSETS		
Current assets		
Cash and equivalents	\$ 61,536	\$ 258,224
Accounts receivable	130,481	231,899
Grants receivable	100,000	132,637
Prepaid expenses	<u>10,947</u>	<u>5,917</u>
Total current assets	302,964	628,677
Property and equipment, net	44,478	29,523
Other assets		
Deposits	<u>14,022</u>	<u>8,718</u>
Total assets	<u>\$ 361,464</u>	<u>\$ 666,918</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 13,357	\$ 5,587
Accrued liabilities	<u>30,316</u>	<u>36,189</u>
Total current liabilities	43,673	41,776
Commitments and contingencies	<u>-</u>	<u>-</u>
Total liabilities	43,673	41,776
Net Assets		
Unrestricted	221,607	170,070
Temporarily restricted	<u>96,184</u>	<u>455,072</u>
Total net assets	<u>317,791</u>	<u>625,142</u>
Total liabilities and net assets	<u>\$ 361,464</u>	<u>\$ 666,918</u>

The accompanying notes are an integral part of these statements

SOMOS MAYFAIR, INC.
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF ACTIVITIES

Year Ended June 30, 2008
(With Comparative Totals for 2007)

	Unrestricted	Temporarily Restricted	2008 Total (Audited)	2007 Total (Reviewed)
Support and revenue:				
Government grants	\$ 595,609	\$	\$ 595,609	\$ 572,745
Foundation grants	74,084	57,500	131,584	515,208
Corporate grants	31,980		31,980	44,900
Contributions in-kind	500		500	
Contributions	33,924		33,924	10,459
Special event	8,520		8,520	39,443
Earned Income	59,799		59,799	31,561
Interest Income	3,148		3,148	2,884
	807,564	57,500	865,064	1,217,200
Net assets released from restriction	416,388	(416,388)	-	-
 Total support and revenue	 1,223,952	 (358,888)	 865,064	 1,217,200
Expenses				
Program services				
Family support	502,837		502,837	468,027
Community engagement	214,342		214,342	178,681
Civic Action	182,882		182,882	35,435
Supporting services				
Management and general	106,151		106,151	86,416
Fundraising	166,203		166,203	128,047
	1,172,415	-	1,172,415	896,606
Change in net assets	51,537	(358,888)	(307,351)	320,594
Net assets at beginning of year	170,070	455,072	625,142	304,548
Net assets at end of year	\$ 221,607	\$ 96,184	\$ 317,791	\$ 625,142

The accompanying notes are an integral part of these statements

SOMOS MAYFAIR, INC.
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2008
(With Comparative Totals for 2007)

	Program Services				Supporting Services			2008 (Audited) Total Expenses	2007 (Reviewed) Total Expenses
	Family Support	Community Engagement	Civic Action	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries & wages	\$ 277,015	\$ 128,900	\$ 104,910	\$ 510,825	\$ 38,453	\$ 103,326	\$ 141,779	\$ 652,604	\$ 523,240
Payroll taxes	24,790	11,911	9,101	45,802	3,509	9,439	12,948	58,750	46,739
Benefits	40,372	19,194	15,401	74,967	5,746	14,601	20,347	95,314	75,043
	<u>342,177</u>	<u>160,005</u>	<u>129,412</u>	<u>631,594</u>	<u>47,708</u>	<u>127,366</u>	<u>175,074</u>	<u>806,668</u>	<u>645,022</u>
Professional services	59,013	19,070	26,742	104,825	40,530	17,179	57,709	162,534	112,304
Occupancy	41,602	15,688	12,601	69,891	4,974	11,044	16,018	85,909	57,861
Program services	23,327	-	360	23,687	207	-	207	23,894	-
Supplies	10,803	10,775	4,980	26,558	6,115	2,556	8,671	35,229	22,502
Printing	1,814	700	628	3,142	556	1,251	1,807	4,949	6,465
Insurance	2,572	858	873	4,303	286	517	803	5,106	4,564
Transportation	3,340	332	393	4,065	1,152	675	1,827	5,892	6,688
Equipment, rent and maintenance	3,555	1,175	1,169	5,899	365	724	1,089	6,988	10,083
Postage and shipping	921	342	328	1,591	330	220	550	2,141	2,248
Conferences	-	-	-	-	-	-	-	-	3,776
Licenses, taxes and fees	-	83	-	83	510	1,000	1,510	1,593	547
Professional development	598	1,579	675	2,852	1,272	1,327	2,599	5,451	4,383
Advertising / sponsorship	825	188	229	1,242	407	216	623	1,865	1,470
Bank and credit card fees	11	5	5	21	558	3	561	582	682
	<u>490,558</u>	<u>210,800</u>	<u>178,395</u>	<u>879,753</u>	<u>104,970</u>	<u>164,078</u>	<u>269,048</u>	<u>1,148,801</u>	<u>878,595</u>
Subtotal before depreciation									
Depreciation & amortization	<u>12,279</u>	<u>3,542</u>	<u>4,487</u>	<u>20,308</u>	<u>1,181</u>	<u>2,125</u>	<u>3,306</u>	<u>23,614</u>	<u>18,011</u>
Total functional expenses	<u>\$ 502,837</u>	<u>\$ 214,342</u>	<u>\$ 182,882</u>	<u>\$ 900,061</u>	<u>\$ 106,151</u>	<u>\$ 166,203</u>	<u>\$ 272,354</u>	<u>\$ 1,172,415</u>	<u>\$ 896,606</u>
Percentage of total	42.89%	18.28%	15.60%	76.77%	9.05%	14.18%	23.23%	100.00%	

The accompanying notes are an integral part of these statements

SOMOS MAYFAIR, INC.
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF CASH FLOWS

Year Ended June 30, 2008
(With Comparative Totals for 2007)

	<u>2008</u> Total (Audited)	<u>2007</u> Total (Reviewed)
Cash flows from operating activities:		
Change in net assets	\$ (307,351)	\$ 320,594
Adjustments to reconcile changes in net assets to cash provided by operating activities		
Depreciation and amortization	(14,955)	18,011
Increase (decrease) in operating assets		
Receivables	134,055	(236,871)
Deposits	(5,304)	(2,348)
Prepaid expenses	(5,030)	(5,277)
Increase (decrease) in operating liabilities		
Accounts payable	7,770	(7,890)
Accrued liabilities	(5,873)	21,035
Net cash provided by (used in) operating activities	<u>(196,688)</u>	<u>107,254</u>
Cash flows from investing activities:		
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Change in cash and cash equivalents	(196,688)	107,254
Beginning cash and cash equivalents	<u>258,224</u>	<u>150,970</u>
Ending cash and cash equivalents	<u>\$ 61,536</u>	<u>\$ 258,224</u>

The accompanying notes are an integral part of these statements

SOMOS MAYFAIR INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE A. DESCRIPTION OF THE ORGANIZATION AND PROGRAM SERVICES

Somos Mayfair, Inc. ("Somos") is a California nonprofit public benefit corporation incorporated to improve the human and physical conditions in the greater Mayfair area of east San José, California. It began under the name of the Mayfair Improvement Initiative, Inc.; when, in 1997, the residents of Mayfair partnered with the William and Flora Hewlett Foundation and the Community Foundation Silicon Valley in a multi-year challenge to address poverty and transience in the Mayfair neighborhood. Throughout its history, Somos Mayfair's priority has been to empower residents and build local leadership to advocate for Mayfair. It is one of the growing number of non-profits combining social services with community organization. It is unique in using cultural arts to promote leadership development for social justice.

Somos Mayfair cultivates the dreams and power of the people of Mayfair through cultural activism, social services and community organizing. We are generations of immigrants, rooted in a vibrant community, who nurture healthy families and speak out for justice in Silicon Valley

Within the greater Mayfair community Somos Mayfair has four key long-term goals:

1. Nurture healthy and resilient children and families and community in Mayfair;
2. Cultivate a vibrant community characterized by strong relationships, dialogue and interdependence between community members;
3. Build community power through effective teams of community leaders, organizers and advocates;
4. Connect our work in Mayfair to similar work being done in our region, our country and the world; work that collectively represents and contributes to the growing popular movement for justice and equity in our region and the world.

Somos Mayfair works toward its long term goals through three, interrelated program departments:

1. *Family Support:* The team of *Promotores* (family support workers) support 200 families each year to take action on their most urgent issues and to nurture their children and families for future success. Somos is focused on themes of early childhood development, family health, obesity & diabetes and women's empowerment.
2. *Community Engagement:* Somos uses cultural activism - particularly popular theater - to engage this community in dialogue to build awareness and encourage action. Somos focuses on early childhood development, family health, women's empowerment, and voter turnout, reaching over 5,000 people each year.

SOMOS MAYFAIR INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE A. DESCRIPTION OF THE ORGANIZATION AND PROGRAM SERVICES
(Continued)

3. *Civic Action:* Somos cultivates teams of resident leaders to organize the Mayfair community to act on issues affect the entire community. Somos works with 40 resident leaders to deepen their skills as researchers, organizers and advocates on behalf of the entire community. Somos is presently focused on campaigns to increase voter turnout and to eliminate the environmental barriers to good health in Mayfair.

During the 2007-08 fiscal year, Somos Mayfair accomplished the following:

Family Support:

- Somos Mayfair's Promotoras provided case management services to 200 working-poor immigrant families, including assisting families with preschool enrollment, providing parent kits, assisting families with Children's Health Initiative enrollment, referring families to parent workshops, therapeutic services and home visitation, connecting families to oral health services and enrolling families in our Obesity and Diabetes Campaign. Promotores referred and assisted families with many other services including ESL classes, emergency shelter and food assistance, health information and community events. In addition to advocating for families, they also encouraged families to become self-sufficient by showing them how they can advocate for themselves;
- The Family Support program maintains an effective collaboration with San Jose State University. Two interns from the social work program were trained in providing services to families and effectively provided services to families throughout the year;
- The Family Support program also piloted two new programs this year to increase the positive impact on families – the Obesity and Diabetes campaign, a six month program was attended by 20 women and the Women's Support Group, an eight week program was attended by 12 women. These were innovative ways to meet the needs of Mayfair families while meeting the goals of the program.

Community Engagement:

- Through 31 theater workshops and 2 community cultural events, Somos reached a total of 844 adults and 604 children with culturally relevant programming, promoting awareness of childhood development and family health;
- Somos wrote and produced three original theater productions: *La Dulce Vida* (The Sweet Life) which illustrated the social and economic causes and health risks of diabetes and obesity in the lives of immigrants and children; *The Pastorela* (The Shepherds Play) which emphasized the importance of healthy food, family unity and community organization; and *Somos Mujeres, Somos Vida*

SOMOS MAYFAIR INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE A. DESCRIPTION OF THE ORGANIZATION AND PROGRAM SERVICES
(Continued)

(We Are Women, We Are Life) which illustrated the strengths and challenges in the lives of immigrant mothers;

- Somos expanded resident leadership opportunities through our community-based theater ensemble, *Familias Unidas* (United Families). Ten dedicated resident mothers co-produced the annual events and collectively developed three original new plays. They participated in a total of 48 theater workshops and rehearsals throughout the year, developing their self-esteem and confidence, learning many new leadership skills such as event organizing, teamwork, decision-making and public performance, and deepening their sense of a positive cultural identity and social belonging.

Civic Action:

- Somos Mayfair developed the leadership skills of 16 resident mothers to address the barriers to health in the Mayfair community. We provided community organizing and advocacy skills-building through 19 weekly meetings and two, all-day Saturday trainings covering participatory research methods. Women were trained to use cameras to photograph assets and barriers to safe exercise in the Mayfair community. Following this activity, they evaluated options for making community-wide change. Sixteen Mayfair residents organized themselves into a new base group called *Madres Activas de Mayfair* (Activist Mothers of Mayfair) to lead a health advocacy campaign in our community. Their campaign is focused on the new Mayfair Community Center slated to open in early 2009. Their goal is for the new community center to adopt governance and programming policies that prioritize health and wellness.

Other impacts:

- The organization's work in popular theater is gaining recognition throughout the region and beyond. Somos has completed two short documentaries about our theater work in the community which are available on our website <http://www.somosmayfair.org>

In addition, Somos published a number of articles about the popular theater work in:

- Community Arts Network, a site that promotes information exchange, research and critical dialogue within the field of community-based art: http://www.communityarts.net/readingroom/archivefiles/2008/01/reclaiming_cult.php
- Upside Down World, a site that covers politics and activism of Latin American communities: <http://upside-downworld.org/main/content/view/1144/1/>

SOMOS MAYFAIR INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE A. DESCRIPTION OF THE ORGANIZATION AND PROGRAM SERVICES
(Continued)

- Somos Mayfair is included in the Institute for Cultural Partnerships Newcomer Arts and Culture Directory that disseminates information about refugee and immigrant arts and culture projects around the country.
www.culturalpartnerships.org

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting:

The financial statements of Somos have been prepared on the accrual basis of accounting.

2. Basis of Presentation:

Somos follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by the American Institute of Certified Public Accountants. In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations, Somos reports its financial positions and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of Somos. Under this category, Somos maintains an operating fund plus any net assets designated by the Board for specific purposes.

Temporarily restricted net assets include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting period.

Permanently restricted net assets include those assets which are subject to a non-expiring donor restriction, such as endowments. There are currently no permanently restricted net assets.

SOMOS MAYFAIR INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

3. Management's Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

4. Cash and Cash Equivalents:

For purposes of the balance sheet and statement of cash flows, Somos considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. Somos maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Somos has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

5. Grants Receivable:

Somos considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

6. Fixed Assets:

Property and equipment are stated at cost or estimated fair value for donated items. Equipment purchases over \$1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. Normal repairs and maintenance are expensed as incurred whereas significant improvements which materially increase values or extend useful lives are capitalized and depreciated over the remaining estimated useful lives of the related assets. Depreciation is charged to the activity benefiting from the use of the property or equipment. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation is removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

SOMOS MAYFAIR INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

7. Accrued Vacation:

Accrued vacation represents vacation earned, but not taken as of June 30 and is included in "Accrued Liabilities" in the statement of financial position. The accrued vacation balance as of June 30, 2008 was \$19,201.

8. Revenue Recognition:

Somos recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided.

9. Contributions:

Contributions are reported in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made. Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

10. Contributions In-Kind:

Contributions in-kind are also recognized in accordance with the provisions of SFAS No. 116. Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which Somos would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered.

11. Allocation of Shared Functional Expenses:

Shared functional expenses are allocated to program and supporting services based on an analysis of personnel time and space utilized.

SOMOS MAYFAIR INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

12. Income Taxes:

Somos Mayfair Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

13. Advertising:

Somos's policy is to expense advertising costs as the costs are incurred. Advertising expenses for the year ended June 30, 2008 was \$1,447.

NOTE C. PROPERTY AND EQUIPMENT

The cost and related accumulated depreciation of the property and equipment as of June 30, 2008 was as follows:

	<u>2008</u>
Furniture, Fixtures and Equipment	\$ 138,511
Leasehold Improvements	<u>38,568</u>
Total	177,079
Less Accumulated Depreciation	<u>132,601</u>
Property and Equipment, Net	<u>\$ 44,478</u>

Depreciation expense for the year ended June 30, 2008 was \$23,613.

NOTE D. LINE OF CREDIT

Somos had a \$25,000 line of credit with Wells Fargo. As of June 30, 2008 no amount was outstanding and the line of credit was not renewed.

SOMOS MAYFAIR INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE E. CONTRIBUTIONS IN-KIND

The estimated fair value of donated facilities, supplies and expert services received are recorded as contributions. During the year ended June 30, 2008 Somos received in-kind supplies in the amount of \$500.

NOTE F. EMPLOYEE BENEFIT PLAN

Somos has a 401(k) retirement plan for all employees who have reached the age of 21 years and completed one year of service. Somos does not match any employee contributions. Therefore no post-retirement plan expenses were incurred for the fiscal year ended June 30, 2008.

NOTE G. CONCENTRATIONS

Somos received approximately 64% of its funding from a government grant during the year ended June 30, 2008.

NOTE H. OPERATING LEASE COMMITMENTS

On June 25, 2007, the Organization entered into a lease agreement to occupy new office space beginning September 1, 2007 with a 3-year term expiring on August 31, 2010. Monthly lease amount is \$3,200.

The future minimum rental payments payable under non-cancelable operating leases is as follows at June 30,

2009	\$ 40,640
2010	<u>43,478</u>
Total	<u>\$ 84,118</u>

Rental expense for the office space for the year ended June 30, 2008 was \$51,046.

SOMOS MAYFAIR INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE I. TEMPORARILY RESTRICTED NET ASSETS

Somos's temporarily restricted net assets as of June 30, 2008 consisted of the following:

	<u>2008</u>
Program	\$ 90,184
General Operating	6,000
Total Temporarily Restricted Net Assets	<u>\$ 96,184</u>

NOTE J. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

Purpose Restriction:	<u>2008</u>
Program	\$ 398,948
General Operating	17,440
Total Net Assets Released from Restrictions	<u>\$ 416,388</u>

NOTE K. CONTINGENCIES

Grants and contracts awarded to Somos Mayfair Inc. are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charges and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, Somos could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs.

Management does not anticipate any material questioned costs for the contracts and grants administered during the period. Somos would be responsible for the absorption of any over-expenditure of its restricted grants which cannot be covered by additional grant funds or contributions from other sources.

SOMOS MAYFAIR INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE L. ANTICIPATED REVENUE

The organization met the majority of its current year restricted obligations utilizing restricted funds received during the fiscal year ended June 30, 2007. There was a delay in the renewal of two additional restricted funds as of June 30, 2008. Subsequent to June 30, 2008, one of the anticipated renewals was awarded and received by the organization from The California Endowment in the amount of \$286,324. These funds were restricted for civic action. The second renewal is in process and the invitation to submit is in the amount of \$100,000.