THE YOUTH AND FAMILY CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Youth and Family Center

We have audited the accompanying financial statements of **The Youth and Family Center** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The Youth and Family Center** as of December 31, 2019, 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.

Other Matter

The financial statements of **The Youth and Family Center** for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on September 3, 2019.

As part of our audit of the 2019 financial statements, we also audited the adjustments described in Note 10 that were applied to restate the 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2018 financial statements of the Organization other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.

Emphasis of Matter Regarding Subsequent Events

As discussed in Note 11 to the financial statements, the Organization has been impacted by the effects of the world-wide coronavirus pandemic. Our opinion is not modified with respect to that matter.

Kiefer Bonfanti & Co. LLP

St. Louis, Missouri
July 9, 2020

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

Assets	
Current Assets	
Cash and cash equivalents	$ 21,472
Cash - fiscal agency	6,205
Certificate of deposit	62,577
Grants receivable	367,827
Accounts receivable	37,478
Total Current Assets	495,559
Property and Equipment, Net	463,952
Total Assets	$ 959,511

Liabilities and Net Assets	
Current Liabilities	
Accounts payable	$ 23,914
Accrued expenses	17,495
Accrued liability - fiscal agency	6,205
Total Current Liabilities	47,614
Long-Term Liabilities	
Line of credit	19,719
Total Liabilities	67,333
Net Assets	
Without donor restrictions	522,337
With donor restrictions	369,841
Total Net Assets	892,178
Total Liabilities and Net Assets	$ 959,511

STATEMENT OF ACTIVITIES
DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
United Way of Greater St. Louis	$ 2,500	367,827	**$ 370,327**
Contributions, gifts and other support	128,770	2,014	**130,784**
Program fees	32,703	-	**32,703**
Rental income	24,195	-	**24,195**
Investment income	3,344	-	**3,344**
Support and Revenue Available	191,512	369,841	**561,353**
Net assets released from restrictions	414,324	(414,324)	**-**
Total Support and Revenue	605,836	(44,483)	**561,353**
Expenses			
Program services	343,860	-	**343,860**
Management and general	204,895	-	**204,895**
Fundraising	30,844	-	**30,844**
Facility rental	16,798	-	**16,798**
Total Expenses	596,397	-	**596,397**
Increase (Decrease) in Net Assets	9,439	(44,483)	**(35,044)**
Net Assets, Beginning of Year	512,898	414,324	**927,222**
Net Assets, End of Year	**$ 522,337**	**369,841**	**$ 892,178**

STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2019

	Program Services			Supporting Services				
	Family Life	Youth	Total Program Services	Mgmt and General	Fundraising	Facility Rental	Total Supporting Services	Total
Salaries and related expenses	$ 3,207	166,787	169,994	121,883	28,867	-	150,750	**$ 320,744**
Professional fees	-	-	-	49,672	-	-	49,672	**49,672**
Insurance	11,513	23,093	34,606	5,807	721	5,648	12,176	**46,782**
Occupancy	10,762	19,986	30,748	4,228	-	5,964	10,192	**40,940**
Assistant to individuals	15,160	16,609	31,769	4,254	-	-	4,254	**36,023**
Supplies	8,392	15,605	23,997	1,336	133	547	2,016	**26,013**
Communications	4,817	8,945	13,762	1,892	-	-	1,892	**15,654**
Building repairs and maintenance	1,759	3,267	5,026	691	-	975	1,666	**6,692**
Advertising	1,549	2,877	4,426	609	265	-	874	**5,300**
Interest	-	-	-	5,225	-	-	5,225	**5,225**
Miscellaneous	78	144	222	4,386	91	-	4,477	**4,699**
Local transportation	1,186	2,202	3,388	-	-	-	-	**3,388**
Printing and publication	892	1,657	2,549	350	767	-	1,117	**3,666**
Equipment rental and maintenance	911	1,691	2,602	358	-	-	358	**2,960**
Dues and subscriptions	442	821	1,263	174	-	-	174	**1,437**
Conferences and meetings	-	-	-	1,375	-	-	1,375	**1,375**
Meals and entertainment	214	398	612	57	-	-	57	**669**
Total Expenses Before Depreciation	**60,882**	**264,082**	**324,964**	**202,297**	**30,844**	**13,134**	**246,275**	**571,239**
Depreciation	6,614	12,282	18,896	2,598	-	3,664	6,262	**25,158**
Total Expenses	**$ 67,496**	**276,364**	**343,860**	**204,895**	**30,844**	**16,798**	**252,537**	**$ 596,397**
% of Total Expenses	**11.3%**	**46.4%**	**57.7%**	**34.3%**	**5.2%**	**2.8%**	**42.3%**	**100.0%**

STATEMENT OF CASH FLOWS
DECEMBER 31, 2019

Cash Flows from Operating Activities	
Decrease in net assets	$ (35,044)
Adjustments:	
Depreciation	25,158
Gain on investments	(3,260)
(Increase) decrease in operating assets	
Grants receivable	11,497
Accounts receivable	(33,651)
Increase (decrease) in operating liabilities	
Accounts payable	5,633
Accrued expenses	(2,639)
Net Cash Used by Operating Activities	(32,306)
Cash Flows from Investing Activities	
Redemption of investments	200,000
Net Cash Provided by Investing Activities	200,000
Cash Flows from Financing Activities	
Net payments on line of credit	(180,281)
Net Cash Used by Financing Activities	(180,281)
Net Decrease in Cash and Cash Equivalents	(12,587)
Cash and cash equivalents, beginning of year	34,059
Cash and Cash Equivalents, End of Year	$ 21,472
Supplemental Disclosure of Cash Flow Information	
Interest paid	$ 5,225

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Business Description

The Youth and Family Center (the Organization) is a nonprofit Missouri corporation founded in 1888 as the Ethical Society of St. Louis. In 1995, the Board of Directors changed the name to The Youth and Family Center. The mission of the organization exists to help youth, families and older adults attain self-sustaining lives by providing innovative social, educational and recreational resources and to serve as an anchor for the City of St. Louis. The Organization receives the majority of its funding through United Way and corporate and charitable donations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements of the Organization are presented on the accrual basis of accounting.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. The Organization had $369,841 of net assets with donor restrictions at December 31, 2019. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. There were no donor restrictions perpetual in nature at December 31, 2019.

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 those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiscal Agency

The Organization acts as a fiscal agent for the Mary Meachum Freedom Crossing Celebration. The Organization receives funds on behalf of the Mary Meachum Freedom Crossing Celebration and has responsibility to see that the funds are spent on the intended charitable purposes and has no discretion in determining how the assets will be used. The Organization does not retain control over the funds received and has a pass-through relationship. The funds received are recognized as an asset and a corresponding liability. The asset and offsetting liability will then be reduced as funds are expended. The income and expenses are kept separate from the Organization's operations.

Funds held by the Organization are recorded on the Statement of Financial Position as an asset and liability in the amount of $6,205 for the year ended December 31, 2019.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Grants and Accounts Receivable

The Organization recognizes the full amount of the grants received in the period that they are made as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. At December 31, 2019, the Organization considered all grants receivable to be fully collectible; accordingly, there is no allowance for doubtful accounts. If amounts become uncollectible, they will be charged to operations when that determination is made. There were no grants receivable older than 90 days at December 31, 2019.

The Organization reports accounts receivable at net realizable amounts. At December 31, 2019, the Organization considered all accounts receivable to be fully collectible; accordingly, there is no allowance for doubtful accounts. If amounts become uncollectible, they will be charged to operations when that determination is made. Accounts receivable older than 90 days at December 31, 2019 amounted to $7,245.

Property and Equipment

Property and equipment are stated at cost, or fair market value if donated, less accumulated depreciation computed on the straight-line method over estimated useful lives of the assets as follows:

Building and building improvements	20 – 40 years
Equipment, furniture and fixtures	3 – 15 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Organization reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, or a stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization records donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support. Unrestricted contributions of long-lived assets and cash to acquire long-lived assets are treated as unrestricted when the acquired assets are placed in service.

Revenue and Revenue Recognition

The Organization receives revenue from program fees, a lease agreement and contributions. The Organization recognizes revenue from programs and the lease during the period in which the related services are provided. Payments received in advance of the period in which services are provided, including deposits, are deferred to the applicable period.

The Organization recognizes contributions when cash, securities or other assets, unconditional promises to give or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. There were no conditional promises to give for the year ended December 31, 2019.

Adoption of New Accounting Standard

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)"* and ASU 2018-08, *"Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)"*. The ASUs replaced most existing revenue recognition guidance in U.S. GAAP.

The Organization has completed its evaluation of the impact of adopting ASU No. 2014-09 and ASU 2018-08 on the financial statements and internal revenue recognition policies. The Organization adopted the ASUs on January 1, 2019, using the modified retrospective approach. The Organization concluded that the adoption of the new standards did not require an adjustment to the opening net assets balance.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2019 was $5,300.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and related expenses	Time and effort
Professional fees	Direct costs
Insurance	Square footage and time and effort
Occupancy	Square footage and time and effort
Assistant to individuals	Direct costs and time and effort
Supplies	Direct costs and time and effort
Communications	Time and effort
Building repairs and maintenance	Square footage and time and effort
Advertising	Direct costs and time and effort
Interest	Direct costs
Miscellaneous	Direct costs and time and effort
Local transportation	Direct costs and time and effort
Printing and publication	Direct costs and time and effort
Equipment rental and maintenance	Time and effort
Dues and subscriptions	Time and effort
Conferences and meetings	Direct costs
Meals and entertainment	Direct costs
Depreciation	Square footage and time and effort

Income Tax Status

The Organization is exempt from income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Financial accounting standards for uncertain tax positions prohibit financial statement recognition of the impact of a tax position if the position is not “more likely than not” to be sustained on audit, based on the technical merits of the position. The Federal Forms 990 of the Organization are subject to examination by the Internal Revenue Service, generally for three years after they have been filed. As of July 9, 2020 no other returns have been selected for examination.

Notes to Financial Statements (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through July 9, 2020, the date which the financial statements were available to be issued, for possible recognition or disclosure. Refer to Note 11.

2. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets available within one year of the Statement of Financial Position date for general expenditure at December 31, 2019:

Financial assets at year end:	
Cash and cash equivalents	**$ 27,677**
Certificate of deposit	**62,577**
Grants receivable	**367,827**
Accounts receivable	**37,478**
Total financial assets	**495,559**
Less amounts not available to be used within one year:	
Net assets with donor restrictions	**369,841**
Less net assets with time and purpose restrictions to be met in less than one year	**(369,841)**
Total amounts not available to be used within one year	**-**
Financial assets available to meet general expenditures over the next twelve months	**$ 495,559**

The Organization's liquidity management plan is to maintain financial assets to meet 180 days of operating expenses (approximately $300,000).

3. FAIR VALUE MEASUREMENTS

Financial accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are significant unobservable inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

- Certificate of Deposit – Valued at the principal plus accrued interest. The market value of a CD will vary depending on current interest rates, the length of maturity and other special features of the CD.

3. FAIR VALUE MEASUREMENTS (CONTINUED)

The inputs or methodologies used for valuing investments may not be an indication of the risk associated with investing in those securities. Furthermore, management believes its valuation methods are appropriate and consistent. The use of different methodologies or assumptions could result in a different fair value measurement at the reporting date.

The Organization's assets that are measured at fair value at are all valued at level 1 and amount to $62,577 for the year ended December 31, 2019.

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 is as follows:

Building and improvements	**$ 1,168,160**
Equipment, furniture and fixtures	**135,642**
Land	**1,000**
Property and Equipment, at Cost	**1,304,802**
Less accumulated depreciation	**(840,850)**
Property and Equipment, Net	**$ 463,952**

Depreciation expense was $25,158 for the year ended December 31, 2019.

5. FACILITIES

The Organization owns a 29,000 square foot office building. At December 31, 2019, there was one tenant leasing a portion of the property. The Organization received rent in the amount of $16,800 for the year ended December 31, 2019.

6. LINE OF CREDIT

The Organization has a line of credit with a bank providing for maximum borrowings of $250,000 through March 12, 2023. In April 2019, the line of credit was amended to reduce the maximum borrowings to $60,000. The line of credit bears an annual interest rate of 3.23% and is secured by all certificate of deposit. There were borrowings of $19,719 under this line of credit at December 31, 2019.

7. RELATED PARTY TRANSACTION

The Organization appointed a board member as the Interim Executive Director. Wages paid to this related party amounted to $20,925 during the year ended December 31, 2019.

8. NET ASSESTS WITH DONOR RESTRICTIONS

The Organization receives contributions which are restricted for time or purpose. Accordingly, such contributions are recorded as net assets with donor restrictions. When expenditures are made which meet the restrictions, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported on the Statement of Activities as net assets released from restrictions.

At December 31, 2019 net assets with donor restrictions were available for the following purposes:

Contributions Restricted for Purpose	
After the Bell - Youth Enrichment Program	**$ 2,014**
Contributions Restricted for Time	
United Way of Greater St. Louis, Inc.	**367,827**
Total	**$ 369,841**

9. CONCENTRATIONS OF CREDIT AND MARKET RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents, certificates of deposit, grant receivables and grants.

The Organization received approximately 64% of its revenue from the United Way of Greater St. Louis for the year ended December 31, 2019. The grant receivables balance at December 31, 2019 consisted entirely of receivables from the United Way of Greater St. Louis.

The Organization maintains its cash balances with two financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of $250,000. Cash balances did not exceed FDIC limitations as of December 31, 2019.

10. PRIOR PERIOD ADJUSTMENT

Net assets at the beginning of the fiscal year has been adjusted to correctly reflect the net assets as of December 31, 2018. The adjustments increased property and equipment, net in the amount of $10,209 and increased accounts payable in the amount of $6,317 on the Statement of Financial Position. The adjustments also decreased expense in the amount of $6,317 on the Statement of Activities for the year ended December 31, 2019.

11. SUBSEQUENT EVENTS

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States of America. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic and on March 13, 2020 the President of the United States of America declared this a national emergency. It is anticipated that these impacts will continue for some time. Impacts include disruptions and restrictions on the Organization's employees' ability to work and temporary disruption of service fees collection. As of July 9, 2020, the future effects of these pandemic related issues are unknown.

In April 2020, the Organization applied for and was granted a $64,700 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest, but payments are not required to begin for six months to one year after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization intends to take measures to maximize the loan forgiveness.