

THE YOUTH AND FAMILY CENTER

**Financial Statements
with
Independent Auditor's Report**

Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
THE YOUTH AND FAMILY CENTER
St Louis, Missouri

I have audited the accompanying financial statements of **THE YOUTH AND FAMILY CENTER** (the Organization), a nonprofit organization, which comprise of the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 Organization'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 Organization's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018 and 2017, 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.

Thurman L Brooks, CPA llc

Saint Louis, Missouri
September 3, 2019

THE YOUTH AND FAMILY CENTER
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 34,059	\$ 84,006
Certificate of deposit	259,316	259,948
Grants receivable, net of allowance	383,151	389,106
Total Current Assets	676,526	733,060
PROPERTY AND EQUIPMENT, net of accumulated depreciation	468,652	496,256
Total Assets	\$ 1,145,178	\$ 1,229,316
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,713	\$ 7,355
Accrued expenses	20,134	26,222
Line of credit	200,000	200,000
Total Current Liabilities	221,847	233,577
NET ASSETS		
Without Donor Restrictions	509,007	606,632
With Donor Restrictions	414,324	389,106
Total Net Assets	923,331	995,738
Total Liabilities And Net Assets	\$ 1,145,178	\$ 1,229,316

See accompanying notes to financial statements

THE YOUTH AND FAMILY CENTER
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
United Way of Greater St. Louis	\$ 600	\$ 389,106	\$ 389,706
Contributions, gifts, and other support	75,011	35,000	110,011
Special events	44,586	-	44,586
Rental income	9,445	-	9,445
Agency fees, net	21,894	-	21,894
Investment income	4,812	-	4,812
Other income	7,374	-	7,374
Release from donor restricted	389,106	(389,106)	-
Total Revenue and Support	552,828	35,000	587,828
EXPENSES			
Program services:			
Family life	182,127	-	182,127
Youth	338,233	-	338,233
Total Program Services	520,360	-	520,360
Management and general	130,094	-	130,094
Total Expenses	650,453	-	650,453
CHANGE IN NET ASSETS	(97,625)	35,000	(62,625)
NET ASSETS, BEGINNING OF YEAR	606,632	389,106	995,738
NET ASSETS, END OF YEAR	\$ 509,007	\$ 414,324	\$ 923,331

See accompanying notes to financial statements

THE YOUTH AND FAMILY CENTER
STATEMENT OF ACTIVITIES

	Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
United Way of Greater St. Louis	\$ 563	\$ 437,178	\$ 437,741
Contributions, gifts, and other support	150,582	-	150,582
Special events	39,383	-	39,383
Rental income	21,925	-	21,925
Agency fees, net	13,519	-	13,519
Investment income	9,060	-	9,060
Other income	3,217	-	3,217
Release from donor restricted	437,178	(437,178)	-
Total Revenue and Support	675,427	-	675,427
EXPENSES			
Program services:			
Family life	200,201	-	200,201
Youth	371,798	-	371,798
Total Program Services	571,999	-	571,999
Management and general	141,576	-	141,576
Total Expenses	713,575	-	713,575
CHANGE IN NET ASSETS	(38,148)	-	(38,148)
NET ASSETS, BEGINNING OF YEAR	644,780	437,178	1,081,958
NET ASSETS, END OF YEAR	\$ 606,632	\$ 389,106	\$ 995,738

See accompanying notes to financial statements

THE YOUTH AND FAMILY CENTER
STATEMENT OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2018				
	Program Services			Management and General	Total Functional Expenses
	Family Life	Youth	Total		
Salaries and wages	\$ 84,274	\$ 156,508	\$ 240,782	\$ 60,195	\$ 300,977
Payroll taxes	6,796	12,622	19,419	4,855	24,273
Employee benefits	16,772	31,148	47,919	11,980	59,899
Total Salaries and Related Expenses	107,842	200,278	308,120	77,030	385,150
Professional fees	10,580	19,648	30,228	7,557	37,785
Depreciation	7,729	14,354	22,083	5,521	27,604
Occupancy	12,308	22,857	35,165	8,791	43,956
Insurance	3,121	5,796	8,917	2,229	11,146
Supplies	5,038	9,356	14,394	3,598	17,992
Interest	2,301	4,273	6,574	1,643	8,217
Local transportation	1,300	2,414	3,713	928	4,642
Miscellaneous	583	1,082	1,664	417	2,083
Meals and entertainment	721	1,339	2,060	515	2,575
Communications - phone/internet	3,193	5,930	9,122	2,281	11,403
Printing and publication	2,533	4,704	7,237	1,809	9,046
Assistant to individuals	19,504	36,223	55,727	13,932	69,659
Equipment rental and maintenance	1,018	1,891	2,910	727	3,637
Equipment purchase	-	-	-	-	-
Conference and meetings	101	188	290	72	362
Dues and subscriptions	59	109	168	42	210
Board meetings	24	45	70	17	87
Building repairs and maintenance	4,113	7,634	11,747	2,937	14,685
Postage and shipping	60	112	170	46	213
Total Expenses by Function	<u>\$ 182,127</u>	<u>\$ 338,233</u>	<u>\$ 520,360</u>	<u>\$ 130,094</u>	<u>\$ 650,453</u>

See accompanying notes to financial statements

THE YOUTH AND FAMILY CENTER
STATEMENT OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2017				
	Program Services			Management and General	Total Functional Expenses
	Family Life	Youth	Total		
Salaries and wages	\$ 94,518	\$ 175,533	\$ 270,050	\$ 67,513	\$ 337,563
Payroll taxes	9,250	17,178	26,428	6,607	33,035
Employee benefits	13,207	24,527	37,734	9,433	47,167
Total Salaries and Related Expenses	116,974	217,238	334,212	83,553	417,765
Professional fees	30,311	56,291	86,602	21,650	108,252
Depreciation	7,826	14,535	22,361	5,590	27,951
Occupancy	15,655	29,073	44,728	11,182	55,910
Insurance	10,147	18,845	28,992	7,248	36,240
Supplies	991	1,841	2,833	708	3,541
Interest	2,030	3,770	5,800	1,450	7,250
Local transportation	2,221	4,124	6,345	1,586	7,931
Miscellaneous	1,542	2,864	4,406	1,102	5,510
Meals and entertainment	5,036	9,352	14,388	3,597	17,985
Communications - phone/internet	442	821	1,263	316	1,579
Printing and publication	1,964	3,648	5,612	1,403	7,015
Assistant to individuals	485	901	1,386	347	1,733
Equipment rental and maintenance	1,396	2,592	3,988	997	4,985
Conference and meetings	610	1,133	1,742	436	2,178
Dues and subscriptions	48	90	138	35	173
Board meetings	122	226	348	87	435
Building repairs and maintenance	1,544	2,863	4,408	1,102	5,511
Postage and shipping	457	849	1,305	329	1,631
Total Expenses by Function	<u>\$ 199,801</u>	<u>\$ 371,056</u>	<u>\$ 570,857</u>	<u>\$ 142,718</u>	<u>\$ 713,575</u>

See accompanying notes to financial statements

THE YOUTH AND FAMILY CENTER
STATEMENTS OF CASH FLOWS

	Years Ended	
	December 31,	
	<u>2018</u>	<u>2017</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Change in net assets	\$ (62,625.1)	\$ (38,148)
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	27,604	27,951
Grants receivable, net of allowance	(3,827)	429
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(11,731)	6,895
Total Adjustments	<u>12,046</u>	<u>35,275</u>
Net Cash Flows Used In Operating Activities	<u>(50,579)</u>	<u>(2,873)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (50,579)	 (2,873)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 \$ 343,954	 \$ 346,827
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 293,375</u>	 <u>\$ 343,954</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the years for:		
Interest	\$ 8,217	\$ 7,223

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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 near north City of St. Louis. The Organization receives the majority of its funding through the United Way and corporate and charitable donations.

Change in Accounting Principle

In August 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standard Update (ASU) 2016-14, Not -for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. The organization has applied the changes retrospectively to all periods presented. The new standard changes the following aspects of the financial statements:

- Unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily and permanently restricted net asset classes have been combined into a single net asset class all net assets without donor restrictions.

Financial Statement Presentation

The financial statements report amounts by classes of net assets as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor or certain grantor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such assets be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization has no assets with donor restrictions as of December 31, 2018 and 2017.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash and cash equivalents. The Organization maintains cash balances in bank accounts which at times may exceed the federally insured limits of up to \$250,000. The Organization has a certificate of deposit in the amount of \$259,316 at an interest rate of 2.23%. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. At December 31, 2018 and 2017, the Organization exceeded the federally insured limits by \$9,316 and \$9,948, respectively.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Grants receivable are carried net of allowance for doubtful accounts. The allowance for doubtful accounts is increased by provisions charged to expense and reduced by uncollected receivables, net of recoveries. Grants receivable are recognized as revenue in the period earned, per the grant terms, or when expenses are incurred. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's assessment of the credit history with grantors having outstanding balances, current relationships with them, and other pertinent factors. At December 31, 2018 and 2017, the allowance for doubtful accounts on grants receivable was \$0 for both years.

Financial Instruments

The carrying amount of certificate of deposit, grants receivable, accounts payable, and accrued expenses approximate fair value due to the short-term maturities of these instruments.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets as follows:

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

Expenditures for repairs and maintenance are charged to expenses as incurred, and additions and improvements that significantly extend the lives of the assets are capitalized.

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

NOTES TO FINANCIAL STATEMENTS

assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows FASB accounting standards for uncertainty in income taxes. These standards require that uncertain income tax positions be “more likely than not” before the amounts are recognized in the consolidated financial statements. Further, the standards require the benefit or expense be recorded in the consolidated financial statements as the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. The Organization has assessed its federal and state tax positions and determined there were no uncertainties or possible related effects that need to be recorded as of and for the years ended December 31, 2018 and 2017.

Open Years -- The federal and state income tax returns of the Organization are subject to examination by the respective taxing authorities generally for three years after they were filed.

Income Tax Penalties and Interest Policy -- Penalties and interest assessed by income taxing authorities are included in operating expenses. The Organization did not incur income tax penalties or interest for the years ended December 31, 2018 and 2017.

The Organization adopted the provisions relating to accounting for uncertainty in income taxes and management is not aware of any uncertain tax positions of the Organization related to tax filings for the years ending December 31, 2018 and 2017.

Donated Materials and Services

Donated materials, equipment, and services are recorded as contributions at their fair value at date of receipt. Donated services, services, and equipment are recorded as in-kind contributions, if any.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 2, 2019, the date the financial statements were available to be issued. It is noted the \$200,000 certificate of deposit noted in Note E was cashed and used to pay the line of credit in April 2019.

NOTE B - ECONOMIC DEPENDENCE

During the years ended December 31, 2018 and 2017, the Organization received donor restricted support of \$389,106, and 437,178 for both 2018 and 2017 respectively from the United Way of Greater St. Louis. This support represents a substantial portion of the Organization's total support and revenue.

NOTE C - GRANTS RECEIVABLE

Grants receivable includes the following:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
United Way allocation	\$379,324	\$389,106
Other grants	<u>3,827</u>	<u>-</u>
Total Grants Receivable	383,151	389,106
Less – Allowance for doubtful accounts	<u>-</u>	<u>-</u>
Grants Receivable, Net of Allowance	<u>\$383,151</u>	<u>\$389,106</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment is composed of the following:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Land	\$ 1,000	\$ 1,000
Building and building improvements	617,510	617,510
Equipment, furniture, and fixtures	<u>665,790</u>	<u>665,790</u>
Total Property and Equipment	1,284,300	1,284,300
Less – Accumulated depreciation	<u>815,649</u>	<u>788,044</u>
Property and Equipment, Net of Accumulated Depreciation	<u>\$ 468,652</u>	<u>\$ 496,256</u>

NOTES TO FINANCIAL STATEMENTS

Depreciation expense for the years ended December 31, 2018 and 2017 was \$27,604 and \$27,951, respectively

NOTE E - LINE OF CREDIT

The Organization has a \$200,000 line of credit with a financial institution. Interest is payable monthly at LIBOR plus 3.5% (3.23% at December 31, 2018). The line is secured by the Organization's certificate of deposit. The outstanding balance on the line of credit was \$200,000 each year at December 31, 2018 and 2017.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions included the following:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Time restriction - United Way allocation	\$389,106	\$437,178
Facility Lighting – Optimist Club St Louis	35,000	-

NOTE G - RELATED PARTY TRANSACTIONS

The Organization's policy for related party transactions is to only do business with related parties if the related party offers goods and services at a discounted rate in comparison to other businesses offering the same services. During the years ended December 31, 2018 and 2017, the Organization paid related parties \$4,030 and \$0 each year for goods and services received during the years.

NOTE H - PENSION PLAN

Employees aged 21 and older, and having completed one year and 1,000 hours of service, are eligible to make compensation deferral contributions to a pension plan sponsored by the Organization. Employer matching contributions and profit sharing contributions are discretionary. At December 31, 2018 and 2017, the employer matching contributions were \$0 and \$0, respectively.