

THE YOUTH AND FAMILY CENTER

Audited Financial Statements

Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
THE YOUTH AND FAMILY CENTER

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, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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, 2017, 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.

Prior Period Financial Statements

The financial statements of the Organization as of December 31, 2016, were audited by other auditors whose report dated August 11, 2017 expressed an unmodified opinion on those statements.


Thurman L Brooks, CPA llc

August 23, 2018

THE YOUTH AND FAMILY CENTER
STATEMENTS OF FINANCIAL POSITION

		December 31,	
		2017	2016
		<hr/>	
ASSETS			
CURRENT ASSETS			
Cash		\$ 81,993	94,009
Certificate of deposit		259,948	252,818
Grants receivable, net of allowance		437,178	437,608
Prepaid expenses		-	3,500
Total Current Assets		<hr/> 779,119	<hr/> 787,935
PROPERTY AND EQUIPMENT, net of accumulated depreciation		<hr/> 496,256	<hr/> 524,206
Total Assets		<hr/> <u>\$ 1,275,375</u>	<hr/> <u>1,312,141</u>
		<hr/>	
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable		\$ 6,770	4,821
Accrued expenses		26,222	25,362
Line of credit		200,000	200,000
Total Current Liabilities		<hr/> 232,992	<hr/> 230,183
NET ASSETS			
Unrestricted		605,205	644,780
Temporarily restricted		437,178	437,178
Total Net Assets		<hr/> 1,042,383	<hr/> 1,081,958
Total Liabilities And Net Assets		<hr/> <u>\$ 1,275,375</u>	<hr/> <u>1,312,141</u>

See accompanying notes to financial statements

THE YOUTH AND FAMILY CENTER
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2017		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
United Way of Greater St. Louis	\$ 563	437,178	437,741
Contributions, gifts, and other support	150,582	-	150,582
In-kind contributions	-	-	-
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
Released from temporarily restricted	437,178	(437,178)	-
Total Support And Revenue	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	143,003	-	143,003
Total Expenses	715,002	-	715,002
CHANGE IN NET ASSETS	(39,575)	-	(39,575)
NET ASSETS, BEGINNING OF YEAR	644,780	437,178	1,081,958
NET ASSETS, END OF YEAR	\$ 605,205	437,178	1,042,383

See accompanying notes to financial statements

THE YOUTH AND FAMILY CENTER
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2016		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
United Way of Greater St. Louis	\$ -	437,178	437,178
Contributions, gifts, and other support	124,223	-	124,223
In-kind contributions	-	-	-
Special events	73,719	-	73,719
Rental income	21,900	-	21,900
Agency fees, net	-	-	-
Investment income	3,865	-	3,865
Other income	62,927	-	62,927
Release from temporarily restricted	437,153	(437,178)	-
Total Support And Revenue	<u>723,787</u>	<u>-</u>	<u>723,787</u>
EXPENSES			
Program services:			
Family life	212,186	-	212,186
Youth	390,352	-	390,352
Total Program Services	<u>602,538</u>	<u>-</u>	<u>602,538</u>
Management and general	141,039	-	141,039
Total Expenses	<u>743,577</u>	<u>-</u>	<u>743,577</u>
CHANGE IN NET ASSETS	(19,790)	-	(19,790)
NET ASSETS, BEGINNING OF YEAR	<u>664,570</u>	<u>437,178</u>	<u>1,101,748</u>
NET ASSETS, END OF YEAR	<u>\$ 644,780</u>	<u>437,178</u>	<u>1,081,958</u>

See accompanying notes to financial statements

THE YOUTH AND FAMILY CENTER

STATEMENTS 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	175,532	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	116,975	217,237	334,212	83,553	417,765
Professional fees	30,710	57,033	87,743	21,936	109,679
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	992	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	1,104	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	1,132	1,742	436	2,178
Dues and subscriptions	48	90	138	35	173
Board meetings	122	226	348	87	435
Building repairs and maintenance	1,543	2,866	4,409	1,102	5,511
Postage and shipping	457	848	1,305	326	1,631
Total Expenses By Function	<u>\$ 200,201</u>	<u>371,798</u>	<u>571,999</u>	<u>143,003</u>	<u>715,002</u>

See accompanying notes to financial statements

THE YOUTH AND FAMILY CENTER
STATEMENTS OF FUNTIONAL EXPENSES

	Year Ended December 31, 2016				
	Program Services			Manage- ment And Genral	Total Functional Expenses
	Family Life	Youth	Total		
Salaries and wages	\$ 105,533	195,991	301,524	75,381	376,905
Payroll taxes	8,332	15,474	23,806	5,952	29,758
Employee benefits	11,423	21,214	32,637	8,159	40,796
Total Salaries And Related Expenses	125,288	232,679	357,967	89,492	447,459
Professional fees	22,434	46,663	69,097	11,024	80,121
Depreciation	10,150	18,850	29,000	7,249	36,249
Occupancy	8,170	15,173	23,343	5,836	29,179
Insurance	15,069	18,700	33,769	2,192	35,961
In-kind services	-	-	-	-	-
Supplies	3,498	6,496	9,994	2,498	12,492
Interest	2,409	4,474	6,883	1,721	8,604
Local transporation	4,150	7,708	11,858	2,965	14,823
Miscellaneous	1,305	2,420	3,725	933	4,658
Meals and entertainment	5,550	10,307	15,857	3,964	19,821
Communications - phone/internet	3,208	5,958	9,166	2,291	11,457
Printing and publication	3,780	7,020	10,800	2,700	13,500
Assistant to individuals	3,108	8,350	11,458	-	11,458
Equipment rental and maintenance	1,621	3,010	4,631	1,158	5,789
Equipment purchase	226	419	645	161	806
Conference and meetings	1,076	-	1,076	2,768	3,844
Dues and subscriptions	-	-	-	861	861
Board meetings	-	-	-	2,409	2,409
Building repairs and maintenance	1,017	1,888	2,905	726	3,631
Postage and shipping	127	237	364	91	455
Total Expenses By Function	<u>\$ 212,186</u>	<u>390,352</u>	<u>602,538</u>	<u>141,039</u>	<u>743,577</u>

See accompanying notes to financial statements

THE YOUTH AND FAMILY CENTER
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2017	2016
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Change in net assets	\$ (39,575)	(19,791)
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	27,951	36,249
Grants receivable, net of allowance	430	777
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	6,308	(17,822)
Total Adjustments	34,689	19,204
Net Cash Flows Provided By (Used In) Operating Activities	(4,886)	(587)
Cash flows from investing activities:		
Financing activities - line of credit	-	(50,000)
Purchase of property and equipment	-	(26,538)
Net Cash Flows Used In Investing Activities	-	(76,538)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,886)	(77,125)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	346,827	423,952
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 341,941	346,827
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the years for:		
Interest	\$ 7,223	8,605
Income taxes	-	-

See accompanying 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 1970. The Organization operates an educational and social center in the North St. Louis City area. 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.

Basis of Accounting

These financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

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

Unrestricted Net Assets – are those which have no donor restrictions and are currently available for use by the Organization.

Temporarily Restricted Net Assets – are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes. The Organization has no permanently restricted net assets as of December 31, 2017 and 2016.

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.

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 not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. At December 31, 2017 and 2016, the Organization exceeded the federally insured limits by \$8,503 and \$96,827, respectively.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017 and 2016, 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 assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

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 temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017 and 2016.

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, 2017 and 2016.

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, 2017 and 2016.

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.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 23, 2018, the date the financial statements were available to be issued.

NOTE B - ECONOMIC DEPENDENCE

During the years ended December 31, 2017 and 2016, the Organization received temporarily restricted support of \$437,178 for both 2017 and 2016 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:

	December 31,	
	<u>2017</u>	<u>2016</u>
United Way allocation	\$437,178	437,608
Other grants	<u>-</u>	<u>-</u>
Total Grants Receivable	437,178	437,608
Less – Allowance for doubtful accounts	<u>-</u>	<u>-</u>
Grants Receivable, Net Of Allowance	<u>\$437,178</u>	<u>437,608</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment is composed of the following:

	December 31,	
	<u>2017</u>	<u>2016</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>788,044</u>	<u>760,093</u>
Property And Equipment, Net Of Accumulated Depreciation	<u>\$ 496,256</u>	<u>524,206</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$27,951 and \$36,249, 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% (4.21% at December 31, 2017). 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, 2017 and 2016.

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets included the following:

NOTE F - TEMPORARILY RESTRICTED NET ASSETS (Continued)

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Time restriction - United Way allocation	\$437,178	437,178

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, 2017 and 2016, the Organization paid related parties \$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, 2017 and 2016, the employer matching contributions were \$0 and \$36, respectively.

NOTE I - PROPERTY TAXES

During 2016 the Organization decided to allow the vacant property located at 2930 N. 21st Street to be obtained by the St. Louis LRA. Consequently, the \$18.3K real estate tax accrual from previous years was reversed in December 2016 to remove this outstanding liability.