

**Examination of Financial Statements
Youth Enrichment Strategies, Inc.**



For Fiscal Year Ended August 31, 2012

YOUTH ENRICHMENT STRATEGIES, INC.



Examination of Financial Statements
For the Fiscal Year Ended August 31, 2014

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Youth Enrichment Strategies, Inc.
Richmond, California

We have audited the accompanying statement of financial position of Youth Enrichment Strategies, Inc. (a non-profit organization) as of August 31, 2014 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Youth Enrichment Strategies, Inc. management. 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Enrichment Strategies, Inc. as of August 31, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Quiroz & Company LLP

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Youth Enrichment Strategies, Inc.

Statement of Financial Position August 31, 2012

ASSETS

Current assets:

Cash and Temporary Investments	\$129,642
Certificate of Deposit	75,852
Promissory Note Receivable from Investment	15,000
Grant and Other Receivables	49,981
Total current assets	<u>270,475</u>

Other current assets:

Prepaid expenses	7,008
Total other current assets	<u>7,008</u>

Lease Deposit	1,351
Fixed Assets, net of Accumulated Depreciation	3,948
Total noncurrent assets	<u>5,299</u>
	<u><u>\$282,782</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and Accrued Expense	\$31,909
Total current liabilities	<u>31,909</u>

Net assets:

Unrestricted	142,623
Temporarily restricted	108,250
Total net assets	<u>250,873</u>
	<u><u>\$282,782</u></u>

The accompanying notes are an integral part of these Financial Statements.



Youth Enrichment Strategies, Inc.
Statement of Activities and Changes in Net Assets
For the Fiscal Year Ended August 31, 2012

Changes in unrestricted net assets:

Revenue and support:

Camp Fees and Other Fee Income	\$5,026
Fundraising Events	42,257
Interest and Other Income	2,924
Total revenue	50,207
Grants and contributions:	
Individual and Business Donations	177,103
Foundation Grants, Unrestricted	48,000
Net assets released from restriction	204,991
Total support	430,094
Total revenue and support	480,301
Expenses:	
Programs Expense	362,348
Fundraising Expense	70,739
Management and Administrative Expense	65,799
Total expenses	498,886
Increase in unrestricted net assets	(18,585)

Changes in temporarily restricted net assets:

Grants and Contributions	216,241
Net assets released from restrictions	(204,991)
Increase in temporarily restricted net assets	11,250

Changes in permanently restricted net assets:

Increase in permanently restricted net assets	0
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Increase in net assets	(7,335)
Net assets at beginning of year	258,208
Net assets at end of year	\$250,873

The accompanying notes are an integral part of these Financial Statements.



Youth Enrichment Strategies, Inc.
 Statements of Cash Flows
 For the Fiscal Year Ended August 31, 2012

<i>Cash Flow from Operating activities:</i>	
Decrease in Net Assets	(\$7,335)
Adjustments to reconcile to cash provided by Operating Activities:	
Changes in:	
Non Cash Items - Depreciation	2,849
Decrease in Grant Receivable & Other	22,775
Increase in Prepaid Expense and Lease Deposit	(6,658)
Increase in Accounts payable	1,589
Cash provided by (used for) operating activities	<u>13,219</u>
 <i>Cash Flow from Investing activities:</i>	
Net Purchases of Certificate of Deposit	(55,852)
Promissory Note Receivable from Investment	(15,000)
Purchases of Fixed Assets and Leasehold Improvements	(6,798)
Cash used in investing activities	<u>(77,650)</u>
 <i>Cash Flow from Financing activities:</i>	
Cash provided by financing activities	<u>0</u>
 Increase in cash and cash equivalents	 (64,431)
Cash and cash equivalents, beginning of fiscal year	<u>194,073</u>
Cash and cash equivalents, end of fiscal year	<u>\$129,642</u>
 <i>Additional cash flow information:</i>	
Information Return Filing Fees	<u>\$75</u>
Interest paid	<u>\$0</u>

The accompanying notes are an integral part of these Financial Statements.



Youth Enrichment Strategies, Inc.
Statement of Functional Expenses
For the Fiscal Year Ended August 31, 2012

Expense Category	<i>Programs and Activities</i>			<i>Programs</i>	Administrative Expense	Fundraising Expense	Total
	Family Camp	Summer Camp	Other Programs	Total			
Accounting	\$ 112	\$ 144	\$ 234	\$ 490	\$ 10,293	\$ 93	\$ 10,875
Bank & payroll fees	41	8	13	62	1,297	335	1,694
Board Support	41	53	85	179	52	34	265
Camp Fees, Family Camp	45,495	0	0	45,495	0	0	45,495
Camp Fees, Summer	0	75,019	0	75,019	0	0	75,019
Contract Services	14,624	1,191	593	16,408	57	47	16,511
Contract Services, Fundraising	0	0	0	0	0	2,791	2,791
Database	281	363	589	1,233	284	233	1,750
Depreciation expense	457	592	958	2,007	463	379	2,849
Dues & Memberships	101	131	212	444	302	84	830
Event Expense	0	0	0	0	0	11,196	11,196
Hospitality	112	145	249	505	191	133	829
In Kind Expense	8,828	11,424	18,497	38,748	8,938	18,795	66,480
Insurance	625	809	1,310	2,743	633	518	3,894
License and Fees	300	6	65	371	214	4	589
Miscellaneous Expense	0	0	0	0	14	0	14
Moving expense	234	303	490	1,026	500	194	1,720
Office Supplies	220	351	529	1,100	452	183	1,735
Office Utilities	405	525	850	1,780	411	336	2,527
Phone & Net	405	525	849	1,779	410	336	2,526
Postage	53	147	110	310	53	1,469	1,833
Printing	365	472	765	1,602	543	4,217	6,362
Program Supplies	2,706	47	1,647	4,400	10	8	4,418
Promotional materials	84	407	175	666	85	69	820
Rent	2,239	2,922	4,691	9,853	2,267	1,857	13,976
Repairs & maintenance	35	46	74	155	36	29	220
Salaries and Benefits	32,593	42,174	68,284	143,051	33,000	27,022	203,073
Small Equipment	305	394	638	1,337	308	253	1,898
Staff travel	690	497	15	1,203	7	6	1,216
Staff Development	144	186	301	630	4,980	119	5,729
Staff Recruitment	0	0	166	166	0	0	166
Transportation	8,740	509	0	9,249	0	0	9,249
Volunteer Expense	338	0	0	338	0	0	338
Total Expense	\$120,571	\$139,389	\$102,387	\$362,348	\$65,799	\$70,739	\$498,887

The accompanying notes are an integral part of these Financial Statements.



YOUTH ENRICHMENT STRATEGIES
Notes to Financial Statements
For the Fiscal Year Ended August 31, 2012

1.0 Programs and Activities

Youth Enrichment Strategies, Inc. (YES or the “Organization”) is a not-for-profit organization incorporated in the State of California in 2002.

Each year, YES sends hundreds of low income youth to nature every year through its Summer Camp program. In summer 2012, YES sent 319 financially eligible children, ages 8 – 16, from the City of Richmond and surrounding West Contra Costa County to one of eight regional summer camps around the Bay Area.

Family Camp is another successful YES program that brings together the families of children from three inner-city Richmond elementary schools five times a year for a full weekend of camp activities. At camp, families have the opportunity to relax and bond while participating in fun recreational, educational, and life skill activities in the beautiful setting of Camp Loma Mar, located in the coastal redwoods south of Half Moon Bay. In 2011/12, 387 children and family members participated in the organization’s Family Camp program and an additional 307 family members participated in YES Day Outings at local, regional parks. These outings provide an opportunity for youth and adults from YES’ programs to continue to build relationships while exploring natural environments close to their homes. YES provides three-four Day Outings throughout the year.

The Camp-to-Community (C2C) program provides older YES youth, ages 14-17, who have participated in Summer Camp over a number of years with a year-long leadership development program. YES supports C2C youth to become employed as full-time camp counselors and acquire valuable job skills. At camp, youth serve as counselors-in-training and learn leadership, environmental, and organizational skills under the guidance of camp counselors and naturalists. Upon return, YES staff places youth as volunteers, interns, or paid staff with local agency partners that focus on green, outdoor initiatives including urban agriculture and gardening, watershed restoration, and neighborhood beautification. YES served 32 youth in the program in 2011/12.

YES’ Wellness or HEAL program brings together adult leaders from the schools and the communities that YES serves to participate in health and wellness activities and education. Through communication and wellness workshops, YES staff recruit and train a diverse group of multicultural Wellness Navigators who serve as peer educators across of variety of health and wellness topics including non-defensive communication, safety, nutrition, and physical activity. In 2011/12, YES staff worked with a core group of 10 Wellness Navigators who coordinated and implemented several fitness events and trainings including Walk to Nature, the Summer Dance Party, and the Sugar-Sweetened Beverage Train-the-Trainer workshop.

YOUTH ENRICHMENT STRATEGIES
Notes to Financial Statements
For the Fiscal Year Ended August 31, 2012

2.0 Basis of Accounting of the Financial Statements

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The presents its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Designation of Unrestricted Net Assets

The Board of Directors of the Organization periodically reviews its plans for future operations and its uses of funds. It may designate appropriate sums of unrestricted net assets to assure adequate financing of such plans, improvements and operations.

Cash and Cash Equivalents

For reporting in the Statements of Cash Flows, the Organization considers all highly liquid investments such as money market funds and widely traded mutual funds readily convertible to cash at their market value to be cash equivalents. The Organization maintains a checking and temporary cash investments account with balances of \$73,624 and \$55,818 respectively as of August 31, 2012. In January 2012, the Organization purchased a \$20,000, 24 month, 1.25% interest yield Certificate of Deposit (CD) and a \$55,000 in 48 month 1.75% interest yield CD. The CDs are invested with the Self-Help Federal Credit Union. The CD funds earned approximately \$900 in the current fiscal year. Approximately \$68,250 of Cash and Equivalents is restricted by donors to use in program activities in the 2011/2012 fiscal year.

Donated Assets and Services

Donated assets and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. A donation of publically traded common stock was contributed during the current fiscal year and sold for \$20,167. Other donated items include items for a silent auction fundraising activity that were valued and recorded at the time of donation for \$11,475. Donated assets totaled \$31,642 for the 2011/2012 fiscal year.

Donated services are recognized as contributions, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services of \$58,500 are included in the Statement of Activity with other Individual and Business Donations. The donated services were performed by professionals with special skills in accounting, marketing, and organizational development. The Organization generally pays for services requiring specific expertise. Many other individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and volunteer assignments. Such other volunteer efforts are not reflected in the financial statements in accordance with accounting standards.

YOUTH ENRICHMENT STRATEGIES
Notes to Financial Statements
For the Fiscal Year Ended August 31, 2012

2.0 Basis of Accounting of the Financial Statements, Continued

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that are directly identifiable with a specific program are charged directly.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

3. 0 Restricted and Unrestricted Support

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the Statement of Activities as net assets released from restrictions.

Approximately \$108,250 of support received and receivable from foundations and other donors remains temporarily restricted for program use extending into 2012-2013 fiscal year as summarized in the following table:

Temporarily Restricted Net Assets, Beginning of Fiscal Year	\$ 97,000
Restricted Funding Received in Fiscal Year	216,241
Restricted Funding Released in Fiscal Year	<u>-204,991</u>
Temporarily Restricted Net Assets, End of Fiscal Year	<u>\$ 108,250</u>

Corresponding restricted net assets include Grants Receivable of \$40,000 and Cash and Temporary Investments of \$68,250.

YOUTH ENRICHMENT STRATEGIES
Notes to Financial Statements
For the Fiscal Year Ended August 31, 2012

3.0 Restricted and Unrestricted Support, Continued

Among the contributions received during the year, YES received grants and contributions from the following sources with restricted (programs) and unrestricted (general support) use:

<u>Donor</u>	<u>Specific Use</u>	<u>Amount</u>
Alba Witkin Foundation	General Support	\$ 7,500
Berkeley Association of Realtors	Summer Camp	2,000
Chevron Products Company	Summer Camp	25,000
Crescent Porter Hale Foundation	General Support	20,000
East Bay Community Foundation	Summer Camp	5,000
Foundation for Youth Investment	Camp to Community	25,000
George Miller Youth Fund	Summer Camp	3,000
June and Julian Foss Foundation	Family Camp	3,000
Local Initiatives Support Corporation	Wellness / HEAL	17,741
May & Stanley Smith Charitable Trust	General Support	20,000
Mellam Family Foundation	Summer & Family Camp	5,000
Michael Levin and Joanne Levin Foundation	General Support	5,000
Richmond Community Foundation	Organizational Development	5,000
S.H. Cowell Foundation	Organizational Development	4,000
Sam Mazza Foundation	Summer Camp	15,000
Save the Redwoods League	Family Camp	2,500
Shoresh Foundation	General Support	7,500
St. Stephen's Church	Summer Camp	5,000
Stephen D. Bechtel, Jr. Foundation	Camp to Community	50,000
Thomas J. Long Foundation	Summer Camp	15,000
YMCA of the East Bay	Family Camp	36,000
Total Program and General Support Grants		<u>\$ 278,241</u>

4.0 Grants Receivable

YES has grants receivable of \$49,765 that were not collected as of the fiscal year end. The grants include donor restrictions as to use for a specific program(s) or for a specified time period as shown below:

<u>Donor</u>	<u>Specific Use</u>	<u>Amount</u>
Local Initiatives Support Corporation	Wellness / HEAL	\$ 9,765
Dean and Margaret Lesher Foundation	Family Camp	15,000
Foundation for Youth Investment	Camp to Community Program	25,000
Total Grants Receivable		<u>\$ 49,765</u>

YOUTH ENRICHMENT STRATEGIES
Notes to Financial Statements
For the Fiscal Year Ended August 31, 2012

5.0 Donated Services

YES volunteers have donated significant amounts of time to the Organization's fund-raising campaigns and program services. The YES Board of Directors donates time to the governance and fundraising activities of the Organization. Other volunteers help with summer camp recruitment and orientation activities, as well as Family Camp weekends.

In-kind donations to YES during the year totaled \$69,975 and included professional services and silent auction items as described in Note 1.0 above. The Taproot Foundation provided a services grant to assist the Organization in development of its visual identity and branding efforts, with a donation value of \$55,000.

6.0 Fund-Raising Expense

Total fund-raising expense for the year ended August 31, 2012 was \$70,739. Fund-raising expenses represented approximately 41% of total support from fund-raising events and donations by individuals and the business community. The ratio of expenses to amounts raised is computed using actual expenses and unrestricted contributions on an accrual basis.

7.0 Occupancy

The Organization leases office space under a one year lease that extends through February 28, 2013. The lease is renewable with agreed upon terms. Rent paid under the lease for office space during 2011-2012 totaled \$9,450. Office Rent for the full year totaled \$13,950.

8.0 Investments

Investments are reported at fair value in the Statement of Financial Position.

	<u>Cost</u>	<u>Fair Value</u>	<u>Income & Gains</u>
Certificates of Deposits	\$ 75,000	\$ 75,851	\$ 851
Money Market Funds	\$ 15,063	\$ 15,063	\$ -
Insured Deposit Accounts	\$ 11,613	\$ 11,613	\$ -
Mutual Funds	\$ 28,664	\$ 29,141	\$ 477
Promissory Note, 2.25 % Interest, Due 2017	\$ 15,000	\$ 15,000	\$ -
	<u>\$ 145,340</u>	<u>\$ 146,668</u>	<u>\$ 1,328</u>

As described in Note 1.0, the Organization purchased a \$20,000, 24 month, 1.25% interest yield Certificate of Deposit (CD) and a \$55,000 in 48 month 1.75% interest yield CD during the year. The CDs are invested with the Self-Help Federal Credit Union. In addition to the \$851 accrued interest earned on the CD funds and unrealized gain on the Mutual Funds, the Organization earned approximately \$927 of interest and dividends during the fiscal year.

9.0 Pension Plan

YES does not currently offer a retirement or pension plan to its employees.