
YOUTH ENRICHMENT STRATEGIES

FINANCIAL STATEMENTS

August 31, 2016

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations



YOUTH ENRICHMENT STRATEGIES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Youth Enrichment Strategies
Richmond, California

Report on the Financial Statements

We have audited the accompanying financial statements of Youth Enrichment Strategies, which comprise the statement of financial position as of August 31, 2016, and the related statements of activities, cash flows and functional expenses 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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Enrichment Strategies as of August 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Certified Public Accountants

Oakland, California

February 28, 2017

YOUTH ENRICHMENT STRATEGIES

Statement of Financial Position August 31, 2016

Assets

Current Assets

Cash and cash equivalents	\$	325,408
Investments (Note 3)		69,136
Grants and pledges receivable		366,220
Accrued interest		226
Prepaid expenses		8,422
Total Current Assets		<u>769,412</u>

Deposits		<u>4,050</u>
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Total Assets	\$	<u><u>773,462</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$	62,944
Accrued vacation		8,818
Conditional sponsorships		10,000
Total Liabilities		<u>81,762</u>

Contingencies (Note 5)

Net Assets

Unrestricted		240,325
Temporarily restricted (Note 6)		451,375
Total Net assets		<u>691,700</u>

Total Liabilities and Net Assets	\$	<u><u>773,462</u></u>
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See Notes to the Financial Statements

YOUTH ENRICHMENT STRATEGIES

Statement of Activities For the Year Ended August 31, 2016

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Support			
Foundation and corporate grants	\$ 11,499	\$ 786,269	\$ 797,768
Contributions	142,513		142,513
Government grants	85,416		85,416
Special event, net (Note 7)	22,679		22,679
Total Support	<u>262,107</u>	<u>786,269</u>	<u>1,048,376</u>
Revenue			
Program revenue	7,411		7,411
Dividend and interest income	2,067		2,067
Gains (losses) on investments	911		911
Other	480		480
Total Revenue	<u>10,869</u>	<u>-</u>	<u>10,869</u>
Net assets released from donor restrictions (Note 6)	548,394	(548,394)	-
Total Support and Revenue	<u>821,370</u>	<u>237,875</u>	<u>1,059,245</u>
Expenses			
Program	613,959		613,959
Management and general	80,780		80,780
Fundraising	108,923		108,923
Total Expenses	<u>803,662</u>	<u>-</u>	<u>803,662</u>
Change in net assets	17,708	237,875	255,583
Net Assets, beginning of year	<u>222,617</u>	<u>213,500</u>	<u>436,117</u>
Net Assets, end of year	<u>\$ 240,325</u>	<u>\$ 451,375</u>	<u>\$ 691,700</u>

See Notes to the Financial Statements

YOUTH ENRICHMENT STRATEGIES

Statement of Cash Flows For the Year Ended August 31, 2016

Cash flows from operating activities	
Change in net assets	\$ 255,583
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:	
Gains (losses) on investments	(911)
Changes in assets and liabilities:	
Grants and pledges receivable	(232,746)
Accrued interest	3,715
Prepaid expenses	(540)
Deposits	(2,700)
Accounts payable and accrued expenses	43,982
Accrued vacation	8,818
Conditional sponsorships	10,000
Net cash provided (used) by operating activities	<u>85,201</u>
Cash flows from investing activities	
Purchases of investments	(21,944)
Proceeds from sale of investments	79,448
Net cash provided (used) by investing activities	<u>57,504</u>
Net change in cash and cash equivalents	142,705
Cash and cash equivalents, beginning of year	<u>182,703</u>
Cash and cash equivalents, end of year	<u>\$ 325,408</u>

See Notes to the Financial Statements

YOUTH ENRICHMENT STRATEGIES

Statement of Functional Expenses For the Year Ended August 31, 2016

	Program	Management and General	Fundraising	Total
Salaries	\$ 299,797	\$ 31,762	\$ 54,111	\$ 385,670
Pension	5,687	602	1,027	7,316
Other employee benefits	29,335	5,448	5,580	40,363
Payroll taxes	25,131	2,660	4,536	32,327
Total Personnel	<u>359,950</u>	<u>40,472</u>	<u>65,254</u>	<u>465,676</u>
Accounting fees		23,463	-	23,463
Professional fees	30,841	6,753	24,534	62,128
Supplies	25,992	1,143	5,202	32,337
Telephone	2,109	294	389	2,792
Postage and delivery	1,055	117	1,123	2,295
Equipment rental and maintenance	1,332	175	246	1,753
Copy and printing	2,072	213	4,044	6,329
Travel and meals	23,667	17	6	23,690
Conferences, conventions, meetings	424	641	439	1,504
Occupancy	156,817	3,450	4,839	165,106
Information technology	2,206	290	419	2,915
Insurance	2,596	2,495	479	5,570
Dues, licenses and service fees	1,394	552	751	2,697
Fiscal sponsor fees	600			600
Miscellaneous	2,904	705	1,198	4,807
Total Expenses	<u>\$ 613,959</u>	<u>\$ 80,780</u>	<u>\$ 108,923</u>	<u>\$ 803,662</u>

See Notes to the Financial Statements

YOUTH ENRICHMENT STRATEGIES

Notes to the Financial Statements For the Year Ended August 31, 2016

NOTE 1: NATURE OF ACTIVITIES

Youth Enrichment Strategies (YES or the Organization) is a nonprofit public benefit corporation incorporated in California in 2002. Programs within YES's Leadership Pathways model include: 1) the Summer Camp and Camp Days program providing support for children and youth to attend overnight summer camp and outings to local, regional parks; 2) the Camp-to-Community (C2C) youth development program for teens; 3) Family Camp providing weekend-long family camping and community-building experiences; 4) the Wellness Program, an adult health advocacy and leadership program; and 5) YES is the backbone organization for the North Richmond Network, a community coalition that seeks to improve outcomes for North Richmond youth and families through school and neighborhood advocacy.

Each year YES serves over 1,000 participants in its leadership pathways. The largest of these programs, Summer Camp and Family Camp, served 329 and 395 people respectively in 2016 and are the entry points for hundreds of participants into YES's pathways programming. Thirty-six C2C teen leaders and 20 adult Wellness Navigators were actively engaged with YES's year-round skill-building, leadership development, and advocacy work in the same period and YES served an additional 345 people through its annual Walk to Nature event.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of August 31, 2016.

YOUTH ENRICHMENT STRATEGIES

Notes to the Financial Statements For the Year Ended August 31, 2016

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of August 31, 2016 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that meet this definition during the year ended August 31, 2016.

Grants and Pledges Receivable

The Organization considers all grants and pledges receivable to be fully collectible at August 31, 2016. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial

YOUTH ENRICHMENT STRATEGIES

Notes to the Financial Statements For the Year Ended August 31, 2016

statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$1,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Leasehold improvements	5 years
Furniture and equipment	5-10 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value. The Organization had no property and equipment that met this capitalization policy at June 30, 2016.

Functional Allocation of Expenses

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

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of February 28, 2017 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

YOUTH ENRICHMENT STRATEGIES

Notes to the Financial Statements For the Year Ended August 31, 2016

NOTE 3: INVESTMENTS

Investments consisted of the following as of August 31, 2016:

Cash and cash equivalents	\$ 5,682
Mutual funds and ETF funds	48,454
Pooled investment	<u>15,000</u>
Total	<u>\$ 69,136</u>

NOTE 4: FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

Fair values of assets measured on recurring basis were as follows as of August 31, 2016:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds and ETFs:			
Blended	\$ 6,598	\$ -	6,598
Fixed income	41,856	-	41,856
Pooled investments	-	15,000	15,000
Total	<u>\$ 48,454</u>	<u>\$ 15,000</u>	<u>\$ 63,454</u>

NOTE 5: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

YOUTH ENRICHMENT STRATEGIES

Notes to the Financial Statements For the Year Ended August 31, 2016

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of August 31, 2016:

Wellness Program	\$ 65,605
Family Camp Program	59,353
Summer Camp Program	10,000
Strategic Plan Development	150,000
C2C Program	109,194
Future Operations	<u>57,223</u>
Total	<u>\$ 451,375</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended August 31, 2016:

Wellness Program	\$ 63,667
Family Camp Program	91,666
Summer Camp Program	78,125
Strategic Plan Development	156,000
C2C Program	77,992
Future Operations	<u>80,944</u>
Total	<u>\$ 548,394</u>

NOTE 7: SPECIAL EVENT

The Organization held a fundraising event during the year. Activity related to the event was as follows during the year ended August 31, 2016:

Admission	\$ 5,040
Donations and sponsorships	22,007
In-kind contributions	4,227
Less: Costs of direct donor benefit	<u>(8,595)</u>
Total	<u>\$ 22,679</u>

NOTE 8: RETIREMENT PLAN

The Organization provides a retirement plan for regular full-time employees. The retirement benefit is a 403(b) plan and offers to match employee contributions up to 3% of their annual salary on a yearly basis. Regular full-time employees become eligible for retirement benefits on the first of the month 30 days after hire. The Organization contributed \$7,316 for the year ended August 31, 2016.