

Greater Miami Youth for Christ, Inc.
Independent Auditor's Report on Audit of
Financial Statements
For the Year Ended June 30, 2016

**GREATER MIAMI YOUTH FOR CHRIST, INC.
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STEVEN S. SAPP

Certified Public Accountant

Member
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater Miami Youth for Christ, Inc.

Report on the Financial Statements

I have audited the accompanying financial statements of Greater Miami Youth for Christ, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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, 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 Greater Miami Youth for Christ, Inc. as of June 30, 2016 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 14, 2016, on my consideration of Greater Miami Youth for Christ, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Miami Youth for Christ, Inc.'s internal control over financial reporting and compliance.



Princeton, Florida
November 14, 2016

GREATER MIAMI YOUTH FOR CHRIST, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

	<u>2016</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 918,680
Deposits	<u>7,200</u>
Total current assets	<u>925,880</u>
Non Current Assets:	
Property and equipment	<u>491,409</u>
TOTAL ASSETS	<u><u>\$ 1,417,289</u></u>
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts payable and accrued expenses	<u>\$ -</u>
	<u>-</u>
Net Assets:	
Unrestricted	969,170
Temporarily restricted	<u>448,119</u>
Total Net Assets	<u>1,417,289</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,417,289</u></u>

The Accompanying Notes are an Integral Part of This Financial Statement

GREATER MIAMI YOUTH FOR CHRIST, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	2016
CHANGES IN UNRESTRICTED NET ASSETS	
Revenues, gains and other support:	
Contributions	\$ 482,965
Interest and dividend income	8,909
Foundations & Grants	646,468
Unrealized gain(loss) on investments	1,107
Total unrestricted revenues and gains	1,139,449
 Net assets released from restrictions:	
Satisfaction of program restrictions	653,291
Net assets released from restrictions	653,291
 Total unrestricted revenues, gains, other support and assets released from restrictions	1,792,740
 Expenses and losses:	
Program	1,469,677
Support	141,320
Fundraising activities	102,151
Total expenses and losses	1,713,148
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	79,592
 CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:	
Revenues and gains:	
Program revenues	955,958
Net assets released from restrictions	(653,291)
	302,667
 INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	302,667
 INCREASE (DECREASE) IN NET ASSETS	382,259
 NET ASSETS, BEGINNING OF YEAR	1,035,030
 NET ASSETS, END OF YEAR	\$ 1,417,289

The Accompanying Notes are an Integral Part of This Financial Statement

GREATER MIAMI YOUTH FOR CHRIST, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016

	2016
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 382,259
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	18,372
(Increase) decrease in :	
Other current assets	(7,200)
Increase (decrease) in :	
Accounts payable and accrued expenses	(287)
Total adjustments	10,885
Net cash provided by (used in) operating activities	393,144
 CASH FLOWS FROM INVESTING ACTIVITIES:	-
 CASH FLOWS FROM FINANCING ACTIVITIES:	-
 NET INCREASE (DECREASE) IN CASH EQUIVALENTS	393,144
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	525,536
 CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 918,680
 SUPPLEMENTAL DISCLOSURES	
Interest paid	\$ -

GREATER MIAMI YOUTH FOR CHRIST, INC.

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**Statement of Functional Expenses
For the Year Ended June 30, 2016**

	<u>Program</u>	<u>Support</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Director Salaries	\$ 27,650	\$ 19,750	\$ 31,600	\$ 79,000
Admin Staff Salaries	21,250	59,500	4,250	85,000
FICA Expense	12,117	3,029	-	15,146
Health & Life Insurance	17	17	-	34
ST Liability Insurance	13,977	4,175	-	18,152
Property Insurance	4,220	1,260	-	5,480
ST Worker's Comp	1,156	569	-	1,725
Depreciation	14,146	4,226	-	18,372
Telephone & Telecommunication	2,186	369	284	2,839
Office Supplies	1,796	2,994	1,197	5,987
Printing	5,959	3,575	2,384	11,918
Postage	2,846	2,134	2,134	7,114
Charter Fees YFC USA	18,252	9,828	-	28,080
Computer Expense/Web	4,262	4,262	-	8,524
Dues & Subscriptions	1,319	-	-	1,319
Accounting/Audit	-	11,800	-	11,800
Kitchen Supplies	1,707	1,707	-	3,414
Office	620	620	-	1,240
Marketing/Advertising	-	-	845	845
Licenses and Permits	35	35	-	70
Payroll Processing Fees	1,013	1,688	675	3,376
Bank & Credit Card Charges	3,958	7,917	3,958	15,833
Utilities	3,832	1,144	-	4,976
Property Maintenance	2,414	721	-	3,135
Donor Development	-	-	1,047	1,047
Grant Manager	34,200	-	-	34,200
Travel & Training	13,236	-	-	13,236
Volunteers	1,924	-	-	1,924
Program Development	200	-	-	200
Venue Expense	24,640	-	10,560	35,200
Event Food & Beverage	1,378	-	590	1,968
Event Printing & Stationery	4,094	-	1,755	5,849
Event Equipment & Supplies	10,243	-	4,390	14,633
Event Contract Labor	22,522	-	9,652	32,174
Event Transportation	-	-	-	-
Event Apparel	3,473	-	1,488	4,961
Fundraising & Development	-	-	14,425	14,425
Event Travel & Lodging	998	-	428	1,426
Event Salaries	22,226	-	9,526	31,752
Event FICA Expense	1,652	-	708	2,360
Event Postage	594	-	255	849
Program Office	6,775	-	-	6,775
Program Building and Grounds	31,476	-	-	31,476
Program Fundraising	717	-	-	717
After School	40,798	-	-	40,798
Events	10,169	-	-	10,169
Teens	24,047	-	-	24,047
Summer	70,714	-	-	70,714
Standard	24,809	-	-	24,809
Transportation	13,508	-	-	13,508
Program Personnel	960,552	-	-	960,552
	<u>\$ 1,469,677</u>	<u>\$ 141,320</u>	<u>\$ 102,151</u>	<u>\$ 1,713,148</u>

The Accompanying Notes Are An Integral Part of This Financial Statement

GREATER MIAMI YOUTH FOR CHRIST, INC.**NOTES TO THE FINANCIAL STATEMENTS****June 30, 2016****Note 1 – NATURE OF THE ORGANIZATION**

Miami Youth For Christ reaches young people everywhere, working together with the local church and other likeminded partners to raise up lifelong followers of Jesus who lead by their godliness in lifestyle, devotion to the Word of God and prayer, passion for sharing the love of Christ and commitment to social involvement. Miami Youth for Christ reaches into the community with 5 exciting programs designed to bring wholeness and hope to Miami's young people.

MYLI (Miami Youth Leadership Initiative) strengthens the local church's outreach to young people. **MYLI** is a 2-year training and support program offered by Miami Youth for Christ and The Urban Training Network. **MYLI** is designed to introduce a model of youth ministry that focuses on the effective evangelism, discipleship and empowerment of young people. Participants create step-by-step, practical strategies for reaching un-churched, non-Christian young people with the Gospel, teaching them to become fully devoted followers of Jesus Christ, and empowering them as leaders. **MYLI** serves over 2,000 youths and has trained 40 youth leaders.

CAMPUS LIFE utilizes weekly clubs for high school students that encourage students to develop a balanced life — mentally, physically, spiritually and socially. **Campus Life** combines healthy relationships with creative programs to help young people make good choices, establish a solid foundation for life and positively impact their lives and their schools. It is a place for all students to have fun, interact with positive role models, and talk about relevant issues. Winter and summer camps allow for deep communication, team building and physical challenges. Active students in Campus Life are encouraged to take part in our Student Leadership training. Campus Life serves 400 participants

CATALYST was founded in 2001 with the objective of positively impacting youth who are involved in the four elements of the Hip-Hop culture: break-dancing, rapping, graffiti, and DJ'ing. The program seeks to provide a safe space where youth develop their talents and are encouraged to express themselves in a positive way. At **Catalyst**, youth participate in DJ classes and break-dancing classes in an effort to create a place for the true culture of Hip-Hop to grow and prosper. Large scale events and practice nights provide youth from across Miami a positive environment with adult mentors. **CATALYST** seeks to be a "catalyst" for positive life change and prevention/intervention in the lives of more than 1,500 at-risk youth in Miami-Dade County.

KIX City Life has provided for the last 22 years after-school programs in neighborhoods that are characterized by high levels of poverty, high juvenile delinquency and high dropout rates. In these communities there is a dire need for after-school programs that provide a safe environment with individualized attention and mentoring, where at-risk children and youth have the opportunity to thrive and develop into productive citizens. Currently, **KIX** provides homework assistance, tutoring and leadership training to nearly 700 children and youth in the south of Miami-Dade County.

Juvenile Justice Outreach serves various residential facilities, where Miami teens are living because they have either been abandoned, abused, arrested or are at-risk in some way. Weekly Bible studies are held at group homes, shelters and detention centers. Teens are counseled and inspired by trained adults in group studies and one-on-one sessions. 1,900 youth participate in these programs.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

The financial statements have been prepared on the accrual basis. The significant accounting policies followed are summarized below:

Net Assets

Net assets are classified as unrestricted, temporarily restricted, based on the existence or absence of donor-imposed restrictions. A description of each net asset group is as follows:

Unrestricted: Net assets whose use is not restricted by donors or internally designated for other uses.

Temporarily restricted: represents resources restricted by donors as to purpose or by the passage of time. Purpose-restricted resources relate to the specific ministries carried on by the Organization.

Cash and Cash Equivalents

For financial reporting purposes, the Organization includes cash accounts and short-term investments portfolios to be cash and cash equivalents. At June 30, 2016, cash and cash equivalents were comprised of bank deposits and money market funds.

Property and Equipment

Property and equipment are recorded at cost; or fair market value at the date of the contribution. Cost of additions and major improvements are capitalized and expenditures for maintenance and repairs are expensed. Gain or loss from retirement or disposal of assets is reflected in the statement of income in the period in which the transaction occurs. Property and equipment are depreciated principally by the straight-line method.

Public Support, Revenues and Expenses

Contribution revenue is recorded when cash is received or when ownership of donated assets is transferred. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Organization reports gifts of cash and other assets as restricted support, if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, where 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.

Other income is recognized when earned. Expenses are recognized when incurred in accordance with the accrual basis of accounting.

Allocation of Expenses

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

Donated Services

No amounts have been reflected in the statements for donated services, in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund raising campaigns. These volunteers were not required to have specialized skills.

Estimates

The preparation of financial statements in conformity with U. S. 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.

Fair Value Measurements

The Organization records its financial assets and liabilities at fair value in accordance with Accounting Standards Codification ("ASC") Topic 820, which provides a framework for measuring fair value under generally accepted accounting principles. ASC topic 820 defines fair value 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. ASC Topic 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC Topic 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 – inputs to the valuation methodology are quoted market prices (unadjusted) for identical assets or liabilities in active markets
- Level 2 – inputs to the valuation methodology include quoted prices for the similar assets and liabilities in active markets, and inputs that are observable for the assets or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active; and,
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment are as follows:

	<u>2016</u>	<u>Estimated Useful Life in years</u>
Land, buildings & improvements	\$ 480,223	20-39
Transportation equipment	35,761	7
Furniture and fixtures	<u>149,674</u>	5-7
	665,658	
Less accumulated depreciation	<u>174,249</u>	
	<u>\$ 491,409</u>	

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Discretionary Staff Salary	\$ 258
Catalyst	<u>447,861</u>
	<u>\$ 448,119</u>

NOTE 5 – PENSION PLAN

In 1997 the Organization adopted a Salary Reduction Pension Plan in accordance with Section 403(b) of the Internal Revenue Code. The Plan allows eligible employees to contribute up to 20% of their gross wages. The Organization makes no contributions to the plan.

NOTE 6 – INCOME TAXES

The Organization follows the provisions of ASC 740-10-25, which clarifies the accounting for uncertainty in income taxes recognized in an enterprises financial statements in accordance with ASC 741-10-25, and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Based on its evaluation, the Organization has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The evaluation was performed for the tax years ended June 30, 2013, 2014 and 2015, the tax years which remain subject to examination by major jurisdictions as of June 30, 2016.

NOTE 7 – FAIR VALUE MEASUREMENTS

In accordance with ASC Topic 820, the Organization measures investments at fair value. Investments are classified within Level 1. This is because a money fund is reported at the closing date and reported in an active market in which the money fund is publicly traded.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

Description	<u>June 30, 2016</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Money Fund	<u>\$ 772,336</u>	<u>\$ 772,336</u>	<u>\$ -</u>	<u>\$ -</u>
Total assets	<u><u>\$ 772,336</u></u>	<u><u>\$ 772,336</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

NOTE 8 – CONCENTRATIONS**Revenues and support**

The Organization provides a variety of programs to reach young people for the Lord. During the year the Organization accepted support from Samuel and Mary Thatcher Foundation for \$360,000 and Batchelor Foundation for \$409,546, which represents 41% of total revenues and support and are considered a concentration of risk for financial reporting purposes.

Credit Risk

The Organization maintains its cash balances with various financial institutions. Balances in non-interest bearing accounts are fully insured through June 30, 2016 under the Dodd-Frank Wall Street Reform Act of 2010. Balances in interest bearing accounts are insured up to a maximum of \$250,000. At times, cash balances may exceed federally insured limits.

NOTE 9 – FACILITIES USE AGREEMENTS

The Organization has two facilities use agreements that are paid on a month to month basis. The agreement is a contribution to Habitat for Humanity for \$10 per school day for elementary program and \$20 per day for the teen program usage. This agreement is expected to continue for the next year. The second agreement is with Crossbridge Church for \$500 per month on a month to month basis and is expected to continue for the next year.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 14, 2016, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated. The Organization has entered into an agreement to purchase a building with a contract price of \$600,000 on October 11, 2016.

STEVEN S. SAPP

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Greater Miami Youth for Christ, Inc.

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greater Miami Youth for Christ, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated November 14, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Greater Miami Youth for Christ, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater Miami Youth for Christ, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater Miami Youth for Christ, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Steven S. Sapp". The signature is written in a cursive style with a large initial 'S'.

Princeton, Florida
November 14, 2016