

YOUTH LIFE FOUNDATION OF RICHMOND

Audited Financial Statements

Years ended December 31, 2013 and 2012
with Report of Independent Auditors

Youth Life Foundation of Richmond

Audited Financial Statements

Years ended December 31, 2013 and 2012

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James R. O'Brien
Certified Public Accountant
11231 Abingdon Court
Richmond, Virginia 23236

Report of Independent Auditors

The Board of Directors
Youth Life Foundation of Richmond

We have audited the accompanying statements of financial position of Youth Life Foundation of Richmond, which comprise the statements of financial position as of December 31, 2013 and 2012, the related statements of activities 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 conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Life Foundation of Richmond at December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

A handwritten signature in blue ink that reads "James R. O'Brien, CPA PC". The signature is written in a cursive style.

James R. O'Brien
Certified Public Accountant

December 5, 2014

Youth Life Foundation of Richmond

Statements of Financial Position

	December 31	
	2013	2012
Assets		
Current assets:		
Cash	\$ 143,019	\$ 114,442
Grants and other receivables	16,850	9,923
Prepaid insurance	2,894	2,809
Total current assets	162,763	127,174
Property and equipment:		
Vehicles	69,915	69,915
Computer equipment	16,391	28,394
Other equipment	25,923	25,923
	112,229	124,232
Accumulated depreciation and amortization	(105,573)	(107,875)
Total property and equipment (net)	6,656	16,357
Total assets	\$ 169,419	\$ 143,531
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 1,979	\$ 1,504
Accrued payroll	8,280	5,001
Total current liabilities	10,259	6,505
Unrestricted net assets	134,664	131,026
Temporarily restricted net assets	24,496	6,000
Total net assets	159,160	137,026
Total liabilities and net assets	\$ 169,419	\$ 143,531

See accompanying Notes and independent auditor's report.

Youth Life Foundation of Richmond

Statements of Activities

Year ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues and other support			
Contributions:			
Individuals	\$ 108,238	\$ 100	\$ 108,338
Churches and civic	34,890	–	34,890
Corporate	12,714	–	12,714
Total contributions	<u>155,842</u>	<u>100</u>	<u>155,942</u>
Grants	11,930	25,000	36,930
Gifts in kind	32,964	–	32,964
Special Event Proceeds, net	55,386	–	55,386
Other	838	–	838
	<u>256,960</u>	<u>25,100</u>	<u>282,060</u>
Net assets released from restrictions	<u>6,604</u>	<u>(6,604)</u>	<u>–</u>
Total revenues and other support	<u>263,564</u>	<u>18,496</u>	<u>282,060</u>
Expenses			
Salaries, wages, and benefits	171,203	–	171,203
Supplies/teaching materials and related	31,813	–	31,813
Rent expense	33,177	–	33,177
Insurance	5,659	–	5,659
Depreciation	10,795	–	10,795
Professional Services	5,228	–	5,228
Fundraising Expenses	2,051	–	2,051
Total expenses	<u>259,926</u>	<u>–</u>	<u>259,926</u>
Change in net assets	3,638	18,496	22,134
Net assets at beginning of year	<u>131,026</u>	<u>6,000</u>	<u>137,026</u>
Net assets at end of year	<u>\$ 134,664</u>	<u>\$ 24,496</u>	<u>\$ 159,160</u>

See accompanying notes and independent auditor's report

Youth Life Foundation of Richmond

Statements of Activities (continued)

Year ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues and other support			
Contributions:			
Individuals	\$ 117,838	\$ —	\$ 117,838
Churches and civic	29,973	—	29,973
Corporate	10,866	—	10,866
Total contributions	158,677	—	158,677
Grants	16,104	—	16,104
Gifts in kind	25,600	—	25,600
Special Event Proceeds, net	45,958	—	45,958
Other	691	—	691
	247,030	—	247,030
Net assets released from restrictions	3,344	(3,344)	—
Total revenues and other support	250,374	(3,344)	247,030
Expenses			
Salaries, wages, and benefits	149,348	—	149,348
Supplies/teaching materials and related	32,488	—	32,488
Rent expense	26,404	—	26,404
Insurance	2,893	—	2,893
Depreciation	11,973	—	11,973
Professional Services	5,338	—	5,338
Fundraising Expenses	4,394	—	4,394
Other	300	—	300
Total expenses	233,138	—	233,138
Change in net assets	17,236	(3,344)	13,892
Net assets at beginning of year	113,790	9,344	123,134
Net assets at end of year	\$ 131,026	\$ 6,000	\$ 137,026

See accompanying notes and independent auditor's report

Youth Life Foundation of Richmond

Statements of Cash Flows

	Year ended December 31	
	2013	2012
Operating activities		
Change in net assets	\$ 22,134	\$ 13,892
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,795	11,973
Changes in:		
Grants and other receivables	(6,927)	(9,923)
Prepaid insurance	(85)	(2,809)
Accounts payable	(475)	(276)
Accrued payroll	(3,279)	494
Other	–	(436)
Net cash provided by operating activities	<u>29,671</u>	<u>12,915</u>
Investing activities		
Acquisition of property and equipment	(1,094)	–
Net cash used in investing activities	<u>(1,094)</u>	<u>–</u>
Net change in cash	28,577	12,915
Cash at beginning of year	114,442	101,527
Cash at end of year	<u>\$ 143,019</u>	<u>\$ 114,442</u>

See accompanying notes and independent auditor's report

Youth Life Foundation of Richmond

Notes to Financial Statements

December 31, 2013 and 2012

1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The Youth Life Foundation of Richmond (“Foundation”), a non-profit organization affiliated with the Daryl Green Foundation of Washington, DC, provides educational and recreational programs designed to meet physical, social, and emotional needs of disadvantaged students and their families in the surrounding neighborhoods of Richmond, VA.

Basis of Accounting

The Foundation’s financial statements are prepared on an accrual basis. Under this method, revenues and support are recognized when earned and expenses are recognized when incurred. Cash or other assets are recorded when received. Revenues and support are considered earned when cash is received.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unrestricted Net Assets

These net assets represent the accumulation of certain contributions, gifts and bequests which are available for general operations of the Foundation and are neither permanently nor temporarily restricted.

See accompanying notes and independent auditor’s report.

Youth Life Foundation of Richmond

Notes to Financial Statements (continued)

1. Nature of Activities and Significant Accounting Policies (continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets represent the accumulation of certain contributions, gifts and bequests whose use is limited by donor-imposed restrictions that either expires with passage of time or are fulfilled and removed by actions of the Foundation pursuant to those restrictions. As the donor-imposed restrictions are satisfied by action or passage of time, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. In instances where the Foundation receives donor-restricted contributions and satisfies those restrictions in the same reporting period, the contributions are considered unrestricted support.

Property and Equipment

Property and equipment purchased by the Foundation are recorded at cost. Property and equipment received directly from donors are recorded at fair market value on the date of donation. The Organization capitalizes fixed assets purchases at a cost of \$500.00 or more.

Buildings

Use of buildings and office space is provided free of charge as an in-kind donation from other organizations. The rental value of these spaces are included in revenues and applied as rent expense on the Statement of Activities. Also see Note 4 for an operational breakdown of rent expense.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from state income taxes. The years open for IRS examination are 2010, 2011, 2012 and 2013.

Credit Risk

The Foundation's cash is held in financial institutions with high credit ratings in order to mitigate credit risk.

See accompanying notes and independent auditor's report.

Youth Life Foundation of Richmond

Notes to Financial Statements (continued)

1. Nature of Activities and Significant Accounting Policies (continued)

Special Event Proceeds

During 2013 and 2012, the Foundation held a Golf Tournament, which is shown in the Statement of Activities as “Special Event Proceeds, net”, along with the revenue from other smaller special events.

Northminster Center

The Foundation began a new program, LC Remix, for middle and high school students in 2013 and a new learning center was opened at Northminster Church in 2014.

2. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following uses:

	<u>2013</u>	<u>2012</u>
LC Remix (middle/high school program)	\$ 4,396	\$ 5,000
Northminster (new center)	20,100	-
Delmont - reading program	-	1,000
Total	<u>\$ 24,496</u>	<u>\$ 6,000</u>

3. Grants and other receivables

Grants and other receivables as of December 31, 2013 includes a matching gift of \$5,000 of which the original gift was made in 2013, a grant of \$10,000 and \$1,850 of gifts pledged in 2013.

Grants and other receivables as of December 31, 2012 includes a matching gift of \$5,000 of which the original gift was made in 2012, \$2,800 of gifts pledged in 2012, and a health insurance federal credit of \$2,123.

See accompanying notes and independent auditor's report.

Youth Life Foundation of Richmond

Notes to Financial Statements (continued)

4. Expenses

During the years ended December 31, 2013 and 2012, the Foundation incurred the following expenses:

	2013					
	Delmont Program	Highland Park Program	Admin	Fund- raising	LC Remix Program	Total
Salaries, wages, and benefits	\$ 68,013	\$ 35,102	\$ 8,181	\$ 12,671	\$ 47,236	\$ 171,203
Supplies/teaching materials	11,676	6,238	2,514	–	11,385	31,813
Rent expense	9,600	16,000	213	–	7,364	33,177
Insurance	1,682	1,436	2,385	–	156	5,659
Depreciation	1,778	8,801	216	–	–	10,795
Professional Services	1,068	–	3,979	–	181	5,228
Fundraising Expenses	–	–	1,134	917	–	2,051
Total expenses	<u>\$ 93,817</u>	<u>\$ 67,577</u>	<u>\$ 18,622</u>	<u>\$ 13,588</u>	<u>\$ 66,322</u>	<u>\$ 259,926</u>

See accompanying notes and independent auditor's report

Youth Life Foundation of Richmond

Notes to Financial Statements (continued)

4. Expenses (continued)

	2012				
	Delmont Program	Highland Park Program	Administration	Fundraising	Total
Salaries, wages, and benefits	\$ 79,394	\$ 54,893	\$ 15,061	\$ –	\$ 149,348
Supplies/teaching materials	17,570	11,111	3,392	415	32,488
Rent expense	9,600	16,000	804	–	26,404
Insurance	1,040	519	1,334	–	2,893
Depreciation	2,235	9,401	–	337	11,973
Professional Services	971	–	3,941	426	5,338
Fundraising Expenses	–	–	458	3,936	4,394
Other	–	–	300	–	300
Total expenses	<u>\$ 110,810</u>	<u>\$ 91,924</u>	<u>\$ 25,290</u>	<u>\$ 5,114</u>	<u>\$ 233,138</u>

5. Subsequent Events

The Company has evaluated subsequent events through the date the financial statements were available to be issued, December 5, 2014.

See accompanying notes and independent auditor's report