

# **URBAN YOUTH IMPACT, INC.**

**FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011  
TOGETHER WITH REPORT OF INDEPENDENT ACCOUNTANT**

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# STEVEN J. CORSO

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## Report of Independent Accountant

Board of Directors  
Urban Youth Impact, Inc.  
West Palm Beach, Florida

I have audited the accompanying statement of financial position of Urban Youth Impact, Inc. as of June 30, 2011, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Youth Impact, Inc. as of June 30, 2011, 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.

In accordance with Government Auditing Standards, I have also issued my report dated December 12, 2011 on my consideration of the Organization's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.



Steven J. Corso, CPA  
December 12, 2011

**URBAN YOUTH IMPACT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2011**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>		<u>TOTAL</u>
	<u>Operating</u>	<u>General</u>	<u>Capital Campaign</u>	<u>FUNDS</u>
<b><u>ASSETS</u></b>				
Cash	\$ 104,535	\$ 110,593	\$ 59,982	\$ 275,110
Receivables	53,576	0	0	53,576
Marketable Securities (Market Value)	0	0	0	0
Prepaid Expenses	18,350	0	0	18,350
Due From General, Temp. Restricted	1,728	0	0	1,728
Deposits & Other	14,598	1,421	0	16,019
Net Fixed Assets	<u>4,335,831</u>	<u>0</u>	<u>0</u>	<u>4,335,831</u>
<b>Total Assets</b>	<b><u>\$ 4,528,618</u></b>	<b><u>\$ 112,014</u></b>	<b><u>\$ 59,982</u></b>	<b><u>\$ 4,700,614</u></b>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 16,280	\$ 0	\$ 0	\$ 16,280
Payroll Liabilities	1,455	0	0	1,455
Due To Operating	0	1,728	0	1,728
Security Deposits	11,000	0	0	11,000
Notes Payable	<u>615,261</u>	<u>0</u>	<u>0</u>	<u>615,261</u>
<b>Total Liabilities</b>	<b><u>643,996</u></b>	<b><u>1,728</u></b>	<b><u>0</u></b>	<b><u>645,724</u></b>
<b><u>NET ASSETS</u></b>	<b><u>3,884,622</u></b>	<b><u>110,286</u></b>	<b><u>59,982</u></b>	<b><u>4,054,890</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 4,528,618</u></b>	<b><u>\$ 112,014</u></b>	<b><u>\$ 59,982</u></b>	<b><u>\$ 4,700,614</u></b>

Read Accompanying Notes

**URBAN YOUTH IMPACT, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2011**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>		<u>TOTAL FUNDS</u>
	<u>Operating</u>	<u>General</u>	<u>Capital Campaign</u>	
<b>REVENUE</b>				
Donations	\$ 561,725	\$ 172,928	\$ 70,195	\$ 804,848
Grants & Foundations	0	327,872	0	327,872
Fund Raising Events	331,357	0	0	331,357
Direct Benefits To Fund Raising Events	(50,506)	0	0	(50,506)
Investment Income	1,142	0	0	1,142
Impact Coffee	0	39,789	0	39,789
Rental Income	72,923	0	0	72,923
Net Assets Released From Restriction	<u>548,187</u>	<u>(525,974)</u>	<u>(22,213)</u>	<u>0</u>
Total Revenue	<u>1,464,828</u>	<u>14,615</u>	<u>47,982</u>	<u>1,527,425</u>
<b>EXPENSES</b>				
Program Services	1,234,400	0	0	1,234,400
General & Administrative	88,468	0	0	88,468
Fund Raising & Promotion	<u>68,937</u>	<u>0</u>	<u>0</u>	<u>68,937</u>
Total Expenses	<u>1,391,805</u>	<u>0</u>	<u>0</u>	<u>1,391,805</u>
<b>CHANGES IN NET ASSETS</b>	73,023	14,615	47,982	135,620
<b>TRANSFERS</b>	0	0	0	0
NET ASSETS AT BEGINNING OF YEAR	<u>3,811,599</u>	<u>95,671</u>	<u>12,000</u>	<u>3,919,270</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 3,884,622</u>	<u>\$ 110,286</u>	<u>\$ 59,982</u>	<u>\$ 4,054,890</u>

Read Accompanying Notes

**URBAN YOUTH IMPACT, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2011**

	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>		<b>TOTAL</b>
	<u>Operating</u>	<u>Grants/Foundations</u>	<u>Capital Campaign</u>	<u>FUNDS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Change In Net Assets	\$ 73,023	\$ 14,615	\$ 47,982	\$ 135,620
<b>Adjustments to Reconcile Revenues Over Expenses To Net Cash From Operations:</b>				
Depreciation	103,061	0	0	103,061
Net Change In Receivables	(5,471)	0	0	(5,471)
Decrease In Marketable Securities	780	0	0	780
Increase In Deposits	(8,992)	(1,421)	0	(10,413)
Increase In Prepaid Expenses	(18,350)	0	0	(18,350)
Decrease In Payables	(2,057)	0	0	(2,057)
Decrease In Deferred Revenue	0	0	0	0
Increase In Security Deposits	0	0	0	0
Decrease In Accrued Expenses	0	0	0	0
Total Adjustments	68,971	(1,421)	0	67,550
Net Cash & Equivalents Provided				
From Operating Activities	141,994	13,194	47,982	203,170
Net Change in Due To/From Account	(1,728)	1,728	0	0
<b>Cash Flows From Investing Activities:</b>				
Purchase Of Fixed Assets	(85,379)	0	0	(85,379)
<b>Cash Flows From Financing Activities</b>				
Net Change In Debt	(31,425)	0	(50,002)	(81,427)
<b>Net Increase (Decrease) In Cash</b>	23,462	14,922	(2,020)	36,364
Beginning Cash & Cash Equivalents	81,073	95,671	62,002	238,746
<b>Ending Cash &amp; Cash Equivalents</b>	\$ 104,535	\$ 110,593	\$ 59,982	\$ 275,110

Read Accompanying Notes

**URBAN YOUTH IMPACT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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<u>EXPENSES</u>	<u>Program Services</u>	<u>General &amp; Admin.</u>	<u>Fund Raising</u>	<u>Total</u>
Advertising & Promotions	\$ 3,143	\$ 0	\$ 0	\$ 3,143
Bad Debt	2,122	0	0	2,122
Bank Fees	0	4,336	0	4,336
Benevolence	28,104	0	0	28,104
Bookkeeping	0	39,880	9,970	49,850
Conference / Retreats	4,281	0	0	4,281
Contract Labor	19,354	0	34,765	54,119
Depreciation	94,816	8,245	0	103,061
Impact Coffee	54,389	0	0	54,389
Insurance	49,684	0	0	49,684
Interest	4,687	0	0	4,687
Legal & Accounting	0	6,150	0	6,150
License, Taxes & Permits	6,296	1,086	999	8,381
Office	8,577	9,866	3,921	22,364
Postage & Shipping	4,813	312	2,196	7,321
Printing & Publications	21,445	1,261	2,522	25,228
Program Supplies & Equip.	78,574	0	0	78,574
Repairs & Maintenance	41,190	5,085	4,576	50,851
Salaries, Payroll Exp. & Benefits	669,693	7,702	4,073	681,468
Special Activities & Events	65,674	0	0	65,674
Telephone	9,230	800	2,352	12,382
Training & Education	4,361	0	0	4,361
Travel & Transportation	30,053	627	1,614	32,294
Utilities	33,914	3,118	1,949	38,981
<b>Total</b>	<u>\$ 1,234,400</u>	<u>\$ 88,468</u>	<u>\$ 68,937</u>	<u>\$ 1,391,805</u>

Read Accompanying Notes

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**1. General Description of Activities:**

Urban Youth Impact, Inc. was established in 1998, as a non-profit Florida corporation that was formed for the purpose of reaching out to inner city youth with the love of Christ; equipping and empowering them to grow as a whole person so that they may have a positive impact on their community.

**2. Summary of Significant Accounting Policies:**

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies that follow are presented to enhance the usefulness of the financial statements to the reader.

**Financial Statement Presentation**

The Organization is required to report 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. In addition, the Organization is required to present a statement of cash flows and a statement of functional expense.

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give noncash assets that are expected to be received in future years are recorded at the present value of the expected fair value of the underlying noncash assets expected to be received. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Any changes in the expected fair value of underlying noncash assets are reported as increases and decreases in contribution revenue in the period the change occurs. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of petty cash, checking accounts, and money market accounts with original maturities of 90 days or less.

**Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Restricted contributions whose restrictions are met during the fiscal year are shown as unrestricted.

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2011**

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**2. Summary of Significant Accounting Policies, Continued:**

**Restricted and Unrestricted Revenue and Support (con't)**

The Organization reports gifts of cash and other assets as an increase in unrestricted, 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. Federal and State grant awards are classified as refundable advances until expended for the purposes of the grant since they are conditional promises to give. Unrestricted support increases unrestricted net assets.

**Revenue Recognition**

The Organization recognizes revenue from state and local governments when earned and other revenues and contributions when received. Pledges or promises to give that are, in substance, unconditional are considered a basis for recording future revenue.

**Grants, Contributions, and Contracts Receivable**

Grants, contributions, and contracts receivable are due within one year. Management believes that all receivables are collectible; therefore the Organization has not included a provision for uncollectible accounts. Any accounts deemed uncollectible are charged to expense when the determination is made. There were no uncollectible accounts during the year ended June 30, 2011.

**Donated Materials and Services**

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. The Organization received donated services for the year ended June 30, 2011. No amounts have been reflected in the financial statements for such donated services since the services did not require specialized skills. Donated professional services, if any, would be reflected in the statement of activities at fair value.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income tax has been made in the accompanying financial statements.

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2011**

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**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentration of Risk**

The Organization is dependent on funding from state and local governments and various other contributors. The amount of contributions is dependent on the funds available and the budgets at the state and local levels. Lack of funding could have a significant detrimental effect on the continued operations of the Organization.

**3. Property and Equipment:**

Generally accepted accounting principles require property and equipment purchased by the Organization to be recorded at historical cost, and donated property and equipment are to be recorded at the estimated fair market value when donated.

Property and equipment that are purchased are stated at cost and donated property and equipment are recorded at the estimated fair market value when donated. Depreciation has been calculated on straight-line basis according to the life of the asset.

As of June 30, 2011, fixed assets consist of:

Buildings & Land	\$ 4,547,152
Furniture & Equipment	187,276
Vehicles	<u>111,213</u>
Total	4,845,641
Less Accumulated Depreciation	<u>509,809</u>
Net Fixed Assets	<u>\$4,335,832</u>

Repairs and maintenance are charged to expense as incurred.

**4. Functional Allocation of Expenses:**

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

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2011**

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**5. Notes Payable:**

The following is a summary of notes payable:

Unsecured note payable to individual. Principle and interest are payable monthly. The interest rate is based on a 30 day flexing libor rate plus 0.60% per annum.

\$615,261

# STEVEN J. CORSO

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## **Report of Independent Accountant on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Board of Directors  
Urban Youth Impact, Inc.  
West Palm Beach, Florida

I have audited the financial statements of Urban Youth Impact, Inc. (the "Organization") as of and for the year ended June 30, 2011, and have issued a report thereon dated December 12, 2011. 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.

### Internal Control over Financial Reporting

In planning and performing my audit, I considered the Organization's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*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 significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organizations ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

*A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined.

Urban Youth Impact, Inc.  
December 12, 2011

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, I performed tests of 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*.

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



Steven J. Corso, CPA.  
December 12, 2011

**STEVEN J. CORSO**  
Certified Public Accountant

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December 12, 2011

Urban Youth Impact, Inc.  
West Palm Beach, FL

I have audited the financial statements of Urban Youth Impact, Inc. (a non-profit organization) as of and for the year ended June 30, 2011, and have issued my report thereon dated December 12, 2011.

In planning and performing my audit of the financial statements of Urban Youth Impact, Inc. for the year ended June 30, 2011, I considered Urban Youth Impact, Inc.'s internal control structure in order to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

At the conclusion of each audit engagement it is my practice to submit comments and suggestions on accounting procedures, internal control and other matters to management. The comments contained herein are based on observations made during my examination of the financial statements of Urban Youth Impact, Inc. as of June 30, 2011 and may reiterate comments and suggestions made orally. The suggestions for improvements and changes should not be construed as a reflection on the abilities or effectiveness of any Organization employee.

Underlying Accounting Records - The underlying accounting records were maintained in an accurate and professional manner with information readily available to me.

Page 2  
December 12, 2011

Findings – There were no findings to report.

Respectfully,

A handwritten signature in black ink, appearing to read 'SJC', written in a cursive style.

Steven J. Corso  
Certified Public Accountant