

RIGHT MOVES FOR YOUTH, INC.

FINANCIAL STATEMENTS
JUNE 30, 2019

RIGHT MOVES FOR YOUTH, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Right Moves for Youth, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Right Moves for Youth, Inc. (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, 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

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 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 in the first paragraph present fairly, in all material respects, the financial position of Right Moves for Youth, Inc., as of June 30, 2019 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and our report dated September 18, 2018, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. Dewitt Foard & Company, P.A.
September 4, 2019

RIGHT MOVES FOR YOUTH, INC.**Statement of Financial Position****June 30, 2019, with prior year comparative totals**

	June 30,	
	2019	2018
<u>ASSETS</u>		
Cash	\$ 578,462	\$ 219,268
Receivables:		
Grants and promises to give	168,750	160,000
Prepaid expenses	5,386	5,088
Rental deposit	2,400	2,400
Property and Equipment:		
Equipment	9,861	9,861
Furniture and fixtures	25,568	25,568
Less - accumulated depreciation	(27,258)	(21,693)
<u>TOTAL ASSETS</u>	\$ 763,169	\$ 400,492
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 6,006	\$ 2,386
Payroll liabilities	10,305	17,100
<u>Total Liabilities</u>	16,311	19,486
Net Assets:		
Without donor restriction	552,717	231,006
With donor restriction	194,141	150,000
<u>Total Net Assets</u>	746,858	381,006
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 763,169	\$ 400,492

RIGHT MOVES FOR YOUTH, INC.

Statement of Activities

Year Ended June 30, 2019, with prior year comparative totals

	Year ended June 30, 2019			Prior Year Comparative Totals
	Without Donor Restriction	With Donor Restriction	TOTALS	
<i>SUPPORT AND REVENUE</i>				
Grants	\$ 138,904	\$ 208,750	\$ 347,654	\$ 289,272
Contributions	645,618	-	645,618	380,897
Special events (net of \$24,761 direct benefit)	85,923	-	85,923	47,151
Other income	144	-	144	117
In-kind donations	6,196	-	6,196	3,381
Net assets released from restrictions:				
Restrictions satisfied by time	150,000	(150,000)	-	-
Restrictions satisfied by purpose	14,609	(14,609)	-	-
<i>Total Support and Revenue</i>	<i>1,041,394</i>	<i>44,141</i>	<i>1,085,535</i>	<i>720,818</i>
<i>EXPENSES</i>				
Program services	522,088	-	522,088	612,620
Management and general	110,994	-	110,994	75,029
Fundraising	86,601	-	86,601	63,700
<i>Total Expenses</i>	<i>719,683</i>	<i>-</i>	<i>719,683</i>	<i>751,349</i>
<i>CHANGE IN NET ASSETS</i>	<i>321,711</i>	<i>44,141</i>	<i>365,852</i>	<i>(30,531)</i>
<i>NET ASSETS, BEGINNING</i>	<i>231,006</i>	<i>150,000</i>	<i>381,006</i>	<i>411,537</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 552,717</i>	<i>\$ 194,141</i>	<i>\$ 746,858</i>	<i>\$ 381,006</i>

RIGHT MOVES FOR YOUTH, INC.**Statement of Functional Expenses****Year Ended June 30, 2019, with prior year comparative totals**

	Year ended June 30, 2019				Prior Year Comparative Totals
	Program Services	Management and General	Fundraising	TOTALS	
<u>PERSONNEL</u>					
Salaries	\$ 297,841	\$ 68,107	\$ 50,270	\$ 416,218	\$ 423,417
Payroll taxes	22,297	5,099	3,763	31,159	33,239
Benefits	40,942	9,362	6,910	57,214	61,395
<i>Total</i>	<i>361,080</i>	<i>82,568</i>	<i>60,943</i>	<i>504,591</i>	<i>518,051</i>
<u>OTHER EXPENSES</u>					
Club funding	88,011	-	-	88,011	112,382
Insurance	8,730	2,661	99	11,490	12,880
Events	-	-	30,867	30,867	28,706
Rent	21,600	4,320	2,880	28,800	28,891
Telecommunications	3,114	623	415	4,152	4,262
Contracted services	1,399	9,360	118	10,877	9,477
Technology	14,682	2,936	1,958	19,576	10,942
Training and personnel costs	4,532	344	241	5,117	7,455
Other costs	1,489	3,324	7,533	12,346	14,318
Travel	6,216	-	-	6,216	8,478
Office supplies	7,062	4,023	1,422	12,507	9,095
Depreciation	4,173	835	556	5,564	6,447
Marketing	-	-	4,330	4,330	8,671
<i>Total</i>	<i>161,008</i>	<i>28,426</i>	<i>50,419</i>	<i>239,853</i>	<i>262,004</i>
<i>TOTAL EXPENSES</i>	<i>522,088</i>	<i>110,994</i>	<i>111,362</i>	<i>744,444</i>	<i>780,055</i>
Less - Special Events Costs					
Deducted from Revenue	-	-	24,761	24,761	28,706
<i>TOTAL EXPENSES</i>	<i>\$ 522,088</i>	<i>\$ 110,994</i>	<i>\$ 86,601</i>	<i>\$ 719,683</i>	<i>\$ 751,349</i>

RIGHT MOVES FOR YOUTH, INC.**Statement of Cash Flows****Year Ended June 30, 2019, with prior year comparative totals**

	June 30,	
	2019	2018
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 365,852	\$ (30,531)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation expense	5,565	6,446
(Increase) decrease in operating assets:		
Receivables	(8,750)	54,815
Prepaid expenses	(298)	(33)
Increase (decrease) in operating liabilities:		
Accounts payable	3,620	15,698
Payroll liabilities	(6,795)	(6,313)
<u>Cash Flows From Operating Activities</u>	<u>359,194</u>	<u>40,082</u>
NET CHANGE IN CASH	359,194	40,082
CASH, BEGINNING	219,268	179,186
CASH, ENDING	\$ 578,462	\$ 219,268

RIGHT MOVES FOR YOUTH, INC.

Notes to Financial Statements

June 30, 2019

NOTE A - NATURE OF OPERATIONS

Organization

Right Moves for Youth, Inc., (the “Organization”) was organized in 1989 and established as a not-for-profit corporation under the laws of North Carolina in 1993. The Organization serves more than 1,500 youth, ages 12-18 years in middle and high schools and operates at 29 Charlotte Mecklenburg Schools sites located throughout Mecklenburg County.

Funding

The Organization is funded by United Way and voluntary contributions from individuals, corporations, foundations, grants, faith based organizations and special events.

Income tax status

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

NOTE B - PROGRAMS

Purpose

The Organization is a school-based prevention program that collaborates with Charlotte Mecklenburg Schools, the Charlotte Mecklenburg Police Department, the Mecklenburg County Sheriff’s Office and other community partners to help students in middle and high schools understand the importance of graduating and the impact that having a high school diploma can have on their lives. They are committed to improving our community through diligent investment in our local youth. Staff and volunteers work with the students to help them learn and practice new skills, give and receive peer support, develop positive relationships with adult mentors, and find new meaning in succeeding in school and graduating.

By offering increased support to academically and economically challenged adolescents, the likelihood of high school completion and successful transition into adulthood is improved. Students enrolled in the Organization’s program are held accountable by adult mentors and peers for their academic performance, and re-engage the educational process by developing coping skills to deal with circumstances that may otherwise impede their progress.

RIGHT MOVES FOR YOUTH, INC.

Notes to Financial Statements

June 30, 2019

NOTE B - PROGRAMS, continued

School-Based Clubs

The Organization is a school-based, youth development and student support program focused on helping teens develop the skills to succeed in school and life. Currently serving 27 of the most challenged Charlotte Mecklenburg Schools (CMS) middle/high schools sites, the program promotes the positive development of young people in grades 6-12. The majority of these school sites are Title 1, with the others serving students from economically distressed neighborhoods. Using a group counseling model, the Organization helps students come to school, do the right things, strengthen social skills, and get ready for college and the workforce. Students grow together and build positive relationships to excel academically, socially and emotionally. These students are referred to the Organization's groups by school counselors, social workers or administrators to help them develop more positive attitudes, modify behavior, and transfer learned skills to everyday life.

The Organization utilizes a curriculum specifically designed for middle and high school students. This curriculum assists students in planning for the future and learning life skills. The curriculum is an important component in our program's success. The Organization provides weekly, school based groups through a program specialist trained in group facilitation. In this role, the program specialist serves as a group facilitator, onsite volunteer support, and student support/intervention team person for each of their partner schools.

The Organization's core service delivery is group facilitation based on a group counseling model.

Each group is supported by the following: an educator; a resource officer; a community volunteer and one of the Organization's staff members. Groups meet at least once a week, for a minimum of 45 minutes. Group leaders follow a standardized curriculum that has been established with a focus on life skills and is age appropriate. During group times, students participate in interpersonal and intrapersonal activities through structured life skills lessons, group discussion, career exploration, service learning and/or community engagement through our curriculum. During group meetings, students have the opportunity to express themselves, gain new skills, self-reflect, and track their own progress. Through this interaction, students find personal significance in graduation, and create a meaningful plan for post-graduation success.

All groups participate in service learning projects with a minimum requirement of one per semester. Students enrolled in the Organization are evaluated in the following areas in order to assess their progress (or need for additional support); behavior; class participation; homework and academic performance. Evaluations are used to help make decisions in collaboration with the students, teachers, etc. about that student's particular plan and goal-setting. Evaluations are also used to help determine the level of incentivizing in which students can engage.

RIGHT MOVES FOR YOUTH, INC.

Notes to Financial Statements

June 30, 2019

NOTE B - PROGRAMS, continued

Other programs

The Organization develops and works with a variety of community partners to create programming that focuses on increasing academic achievement, reducing negative behavior and preventing juvenile truancy, delinquency, and violence. The programs promote positive youth development and enhance each individual youth's academic accomplishments, leadership ability, life-skills awareness, self-esteem, civic responsibility, and cultural awareness. Beyond their weekly group meetings and the Right Moves for Youth curriculum, they offer an array of innovative programs such as: *RMFY Ambassadors Youth Leadership Program*, *March Madness Experience*, and college and workplace tours. Through partnerships and individual donations, the Organization is able to provide complimentary tickets to events such as Carolina Panthers and Hornets games and trips to cultural outings.

Finally, each year in May, the Organization rewards its group participants who have exhibited the most social and emotional growth and positive behaviors by hosting an annual year-end awards ceremony.

NOTE C - SUMMARY OF 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). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in the day-to-day operation of the Organization and those resources invested in fixed assets. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Organization. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position.

Net assets with donor restrictions – Net assets with donor restrictions consist of temporarily restricted net assets and permanently restricted net assets. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Amounts received whose restrictions are met within the same accounting period are recorded as unrestricted. Permanently restricted net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. As of June 30, 2019, the Organization did not have any permanently restricted net assets.

RIGHT MOVES FOR YOUTH, INC.

Notes to Financial Statements

June 30, 2019

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property and equipment

Fixed assets, exceeding \$2,500, are recorded at cost if purchased or fair market value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which vary from three to ten years.

Website and database costs

Costs incurred to maintain the Organization's website and database are expensed as incurred.

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in support at fair value. Donated materials and services are recognized as income, with a like amount in expense, in the accompanying financial statements. For the year ended June 30, 2019, \$6,196 was recorded for these donated goods.

In addition, many individuals volunteer their time and perform a variety of tasks that assist Right Moves for Youth, Inc. with specific assistance programs and various assignments. No amounts have been reflected in the financial statements for these contributions, as they do not meet the criteria for recognition described above.

Functional allocation of expenses

Expenses that are inherently program, management and general, or fundraising, are charged directly to those functions. Rent costs are allocated based on the estimated square footage utilized by that function. Expenses related to the building are allocated the same as rent costs. All other expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent.

Prior-year comparative totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's 2018 financial statements, from which the summarized information was derived. Certain prior-year amounts have been reclassified to conform to the current-year presentation.

Use of estimates

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

RIGHT MOVES FOR YOUTH, INC.

Notes to Financial Statements

June 30, 2019

NOTE D - RECEIVABLES

United Way

United Way pledges are shown as an increase in net assets with donor restrictions when the pledge is received from United Way and is then released to net assets without donor restrictions when the funds are actually received and utilized. United Way designations are considered to be conditional pledges, since United Way will pay these amounts to the Organization when and if United Way collects the funds. Of the total balance in United Way receivable at year-end, \$112,500 is expected to be collected in the year ending June 30, 2020, and \$56,250 is expected to be collected during the year ending June 30, 2021. The balance is shown with no allowance for doubtful accounts, based on historical experience.

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS

Temporarily Restricted

The \$194,141 of temporarily restricted net assets as of June 30, 2019 consists of time restricted funds of \$168,750 related to the United Way receivable and purpose restricted funds of \$25,391 related to a program specialist's salary.

NOTE F - CONCENTRATIONS OF RISK

Funding

During the year ended June 30, 2019, the Organization received the majority of its funding from a limited number of funding sources, a large amount of which is renewable annually. In addition, the entire balance of promises to give at June 30, 2019 was due from one donor. This represents a significant concentration of risk that operations could be affected if the donor unexpectedly discontinued their funding of the Organization.

Cash in excess of insured limits

Cash held in bank accounts is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash held by the Organization at June 30, 2019 includes \$120,973 in excess of insured limits covered by FDIC.

Geographic area

The Organization operates in a limited geographic area and is therefore sensitive to changes in the local economy.

RIGHT MOVES FOR YOUTH, INC.

Notes to Financial Statements

June 30, 2019

NOTE G - RETIREMENT PLAN

The Organization participates in a SIMPLE-IRA Plan maintained by Fidelity Investments. All employees are eligible to participate in the Plan upon the later of the Plan's effective date or the employee's date of hire. The Organization matches the employee's elective deferral on a dollar-for-dollar basis but not more than 3% of the employee's compensation. The amount paid by the Organization during the year was \$12,074.

NOTE H - LEASE COMMITMENTS

Operating lease

The Organization leases office space. The lease expense for the year ended June 30, 2019 was \$28,800. Future minimum lease payments under non-cancellable leases are \$2,400 for the year ended June 30, 2020.

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$690,962 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$578,462 and pledges of \$112,500, which are expected to be collected during the year. Of these amounts \$25,391 are subject to donor restrictions. The Organization has a policy to structure its financial assets to be available as its general liabilities and other obligations come due.

NOTE J - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.