

YouthWorks!

FINANCIAL STATEMENTS

For the Year Ended
June 30, 2016

With Independent Auditors' Report Thereon

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**YouthWorks!
June 30, 2016**

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**YouthWorks!
June 30, 2016**

Official Roster

Governing Board Members

Laine Renfro	Board President
Marlene Anaya	Board Vice President
Sarah M. Amador-Guzman	Secretary
Richard Jones	Treasurer
Loretta Fernandez	Member
Francisco Rivera	Member
Maggie Lujan	Member
Rob Lochner	Member
John Ojinaga	Member
Annette Anaya	Member

Administration

Melynn Schuyler

Executive Director

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
YouthWorks!
Santa Fe, New Mexico

We have audited the accompanying financial statements of YouthWorks! (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 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 audits. We conducted our 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 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 YouthWorks!' 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 YouthWorks!' 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 YouthWorks! as of June 30, 2016 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.

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Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016 on our consideration of the Youthworks!' internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Youthworks!' internal control over financial reporting and compliance.

Precision Accounting, LLC

Precision Accounting, LLC
Albuquerque, New Mexico
December 23, 2016

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YouthWorks!
Statement of Financial Position
June 30, 2016

ASSETS

Current assets	
Cash and cash equivalents	\$ 117,595
Grants receivable	62,571
Other current assets	116,602
Prepaid Insurance	-
Total current assets	<u>296,768</u>
Property and equipment, net	<u>496,189</u>
Total assets	<u><u>\$ 792,957</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 3,102
Accrued expenses	12,318
Current portion of long-term debt, Note 8	80,487
Unearned revenue	155,424
Total current liabilities	<u>251,331</u>
Long-term debt:	
Mortgage payable, net of current portion	<u>291,703</u>
Total liabilities	543,034
Net assets	
Temporarily restricted	26,640
Unrestricted	<u>223,283</u>
Total net assets	<u>249,923</u>
Total liabilities and net assets	<u><u>\$ 792,957</u></u>

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YouthWorks!
Statement of Activities
For the year ending June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:			
Grant income	\$ -	\$ 1,086,974	\$ 1,086,974
Public Support	89,469	-	89,469
Food service income	4,111	-	4,111
Events	62,874	-	62,874
Other revenues	16,536	-	16,536
Interest income	33	-	33
Net assets released from restrictions	<u>1,095,834</u>	<u>(1,095,834)</u>	<u>-</u>
 Total Revenues and other support	 <u>\$ 1,268,857</u>	 <u>\$ (8,860)</u>	 <u>\$ 1,259,997</u>
 Expenses:			
Program services	\$ 1,033,069	\$ -	\$ 1,033,069
Management and general	<u>12,521</u>	<u>-</u>	<u>12,521</u>
 Total Expenses	 <u>1,045,590</u>	 <u>-</u>	 <u>1,045,590</u>
 Increase (Decrease) in Net Assets	 223,267	 (8,860)	 214,407
 Net Assets at Beginning of Year	 <u>16</u>	 <u>35,500</u>	 <u>35,516</u>
 Net Assets at End of Year	 <u>\$ 223,283</u>	 <u>\$ 26,640</u>	 <u>\$ 249,923</u>

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YouthWorks!
Statement of Cash Flows
For the year ending June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net decrease in net assets	\$ 32,990
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation	11,994
(Increase) Decrease in grants receivable	9,943
(Increase) Decrease in other assets	(110,611)
(Increase) Decrease in deferred assets	-
Increase (Decrease) in accounts payable	(17,958)
Increase (Decrease) in accrued liabilities	(9,145)
Increase (Decrease) in unearned revenue	<u>103,303</u>
Total Adjustments	<u>(12,474)</u>
Net cash provided (used) by operating activities	20,516
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of capital assets	<u>(7,000)</u>
Net cash provided (used) by investing activities	<u>(7,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings on the loan	70,000
Payments on the line of credit	(3,000)
Payments on mortgage	<u>(8,852)</u>
Net cash provided (used) by financing activities	<u>58,148</u>
Net increase (decrease) in cash	71,664
Cash and equivalents, beginning of year	<u>45,931</u>
Cash and equivalents, end of year	<u>\$ 117,595</u>

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YouthWorks!
Statement of Functional Expenses
For the year ending June 30, 2016

	<u>Management & General</u>	<u>Program Services</u>	<u>Total</u>
Pass Thru & Rest. Distributio \$	-	550	\$ 550
Purchased Services	45	171,343	171,388
Cost of Contracts	-	15,292	15,292
Cost of Events	-	17,186	17,186
Cost of Occupancy	-	47,917	47,917
Staff Support	-	179,084	179,084
Stipends and Activity	-	499,139	499,139
Supplies	-	75,395	75,395
Travel and Training	-	22,241	22,241
Other purpose expense	-	4,922	4,922
Depreciation	11,994	-	11,994
Building cost share	-	-	-
Board Meetings	482	-	482
	<u>482</u>	<u>-</u>	<u>482</u>
 Total Expenses	 <u>\$ 12,521</u>	 <u>\$ 1,033,069</u>	 <u>\$ 1,045,590</u>

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YouthWorks!
Notes to Financial Statements
June 30, 2016

1. Organization and Summary of Significant Accounting Policies

A. Nature of Organization

YouthWorks! (the Organization) is a New Mexico not-for-profit corporation that addresses issues related to disadvantaged and at-risk youth and adolescents. The Organization is supported primarily through government contracts and private foundation grants. They specialize in a full spectrum of culturally appropriate programs that assist predominately Hispanic and Native American high-risk youth to develop job skill training.

B. Financial Statement Presentation

The accompanying financial statements of YouthWorks! are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). YouthWorks! 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. YouthWorks! has no permanently restricted net assets for the year ended June 30, 2016.

C. Revenues and Other Support

YouthWorks! generates its revenue and support through a variety of sources. Sources of revenue include contract with government agencies, grants and gifts from individuals and organizations. Contract revenues are recorded as revenues in the financial statements when the services are provided and costs are incurred.

YouthWorks! reports contributions received as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and the nature of any donor restriction. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or the purpose of the 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 donor restriction. If the restriction is satisfied in the same period the contribution is received, the contribution is reported as unrestricted.

Donated materials and other non-cash donations are recorded as contribution at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated materials and other no-cash donations to a specific purpose. YouthWorks! received no donated materials or other non-cash donations in 2016.

Donated services are recognized as contribution if the donated services create or enhance non-financial assets or require specialized skills, and are provided by individual possessing those skills, and would otherwise be purchased by YouthWorks!. YouthWorks! recognized no donated services in 2016. Many other individual have donated time and service to the organization. The value of these services has not been recorded in the financial statements because they do not meet the definition of recognition under GAAP.

D. Accounts Receivable

Accounts receivable are for professional services provided under service contracts with governmental agencies, and receivable from grants received. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management considers all accounts receivable to be collectible.

YouthWorks!
Notes to Financial Statements
June 30, 2016

E. Property and Equipment

The Organization capitalizes all expenditures over \$5,000 for property and equipment. Fixed assets are recorded at their historical cost, or if donated, at their fair market value at the date of donation. Depreciation of capital assets is provided on the modified accelerated cost recovery system over reasonable estimated useful lives of 5 years for vehicles and 39 years for buildings.

F. Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized by function based on the evaluation of the related benefit by management in the statement of activities. Accordingly, certain costs have been allocated among the program and the supporting services benefited.

G. Income Taxes

The organization is a not-for-profit organization that is exempt from income tax under Section 501(c)(3) of the Internal Revenue code and is not considered to be a private foundation. Therefore, no provision for income taxes has been included in YouthWorks! financial statements.

YouthWorks! income tax filings are subject to audit by various taxing authorities. YouthWorks! open audit periods are 2012 to 2015. YouthWorks! believes that it has appropriate support for any tax position taken and as such, does not have an uncertain tax positions that are material to the financial statements.

H. 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 the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Unearned Revenue

Unearned revenue is the result of the Organization receiving certain grant monies that require the incurring of expenditures in the future. The revenue is not earned until the Organization fulfills the conditions of the grant including performing certain actions.

YouthWorks!
Notes to Financial Statements
June 30, 2016

2. Grants Receivable

Support received under contracts is recorded as public support when the related amounts are determined to be due from granting agencies. There were grant receivables as of June 30, 2016 as follows:

Youth Build	\$ 27,764
City of Santa Fe	12,179
Contracts Apprentice	11,499
CYFD	8,744
Other contracts	<u>2,385</u>
	<u>\$ 62,571</u>

Management believes that all receivables are 100% collectible, therefore no allowance for doubtful accounts has been established.

3. Concentration of Revenue

The revenue of the organization is provided mainly by grants from federal or state agencies and private foundations and therefore, the organization is vulnerable to changes in the economic climate.

4. Temporarily Restricted Assets

The current temporarily restricted assets consist of a liability associated with a PNM grant for lighting improvements for the office building. The organization released \$8,860 of temporarily restricted net assets for the period ending June 30, 2016. The assets are included in "Cash and cash equivalents" on the balance sheet.

5. Line of Credit

At June 30, 2016, the Organization had a line of credit with the Los Alamos National Bank in the amount of \$50,000. The interest rate on the line of credit is 5.5% and the note is uncollateralized. This line of credit is due in one payment of all outstanding principal plus accrued unpaid interest on June 4, 2016. There was a \$0.00 balance due on the line of credit at June 30, 2016.

6. Concentration of Credit Risk

The organization maintains its cash balances in two financial institutions. The balances at June 30, 2016 did not exceed federally insured limits. Therefore, the organization is not at risk as of June 30, 2016.

7. Capital Assets

Capital Assets at June 30, 2016 consist of the following:

Land	\$ 115,000
Equipment	11,650
Building	<u>430,312</u>
Total	556,962
Less Accumulated Depreciation	<u>(60,774)</u>
Net Capital Assets	<u>\$496,188</u>

Depreciation Expense for the year was \$11,994.

YouthWorks!
Notes to Financial Statements
June 30, 2016

8. Long-Term Debt

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the statement of financial position:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
LANB Mortgage	\$ 337,034	\$ -	\$ 8,852	\$ 328,182	\$ 10,487
LANB LOC	3,000	-	3,000	-	-
State Employees FCU	-	70,000	-	70,000	70,000
Total	\$ 340,034	\$ 70,000	\$ 11,852	\$ 398,182	\$ 80,487

In 2011, the Organization borrowed \$ 379,000 on a short-term note that was refinanced on January 24, 2012. The note bears interest at 5% with payments of interest and principal due monthly until June, 2035. The note is secured by a mortgage on the office property of the Organization.

In April 2016, the Organization borrowed \$ 70,000 on a short-term note, due April 8, 2017. The note bears interest at 5.51% with payments of interest only until April 8, 2017. The note is secured by a mortgage on property held in the inventory of the Organization.

Future minimum payments on the mortgage consist of the following at June 30, 2016:

Fiscal Year Ending	Principal	Interest	Total
2017	\$ 80,487	16,103	96,590
2018	11,028	15,559	26,587
2019	11,592	14,995	26,587
2020	12,185	14,402	26,587
2021-2025	70,939	61,997	132,936
2026-2030	91,040	41,896	132,936
2031-2035	113,837	16,100	129,937
2036	7,074	11	7,085
Total	\$ 398,182	\$ 181,063	\$ 579,245

9. Subsequent Events

The Organization has evaluated subsequent events through December 23, 2016, the date the financial statements were available to be issued, to determine whether such events should be recorded or disclosed in these financial statements.

COMPLIANCE SECTION

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**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**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
YouthWorks!
Santa Fe, New Mexico

We 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 YouthWorks! (a nonprofit organization) as of June 30, 2016 and the related statements of activities, functional expenses and cash flows and have issued our report thereon dated December 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered YouthWorks!' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of YouthWorks!' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of YouthWorks!' 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 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. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weakness or significant deficiencies may exist that were not identified. Given those limitations, during our audit we did not identify any deficiency in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether YouthWorks!' financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance required to be reported under Government Auditing Standards.

Purpose of this Report

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

Precision Accounting, LLC

Precision Accounting, LLC
Albuquerque, New Mexico
December 23, 2016

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YouthWorks!
Schedule of Findings and Questioned Costs
June 30, 2016

A. FINDINGS-FINANCIAL STATEMENT AUDIT

NONE

B. PRIOR YEAR AUDIT FINDINGS

NONE

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YouthWorks!
Other Disclosures
June 30, 2016

A. AUDITOR PREPARED FINANCIAL STATEMENTS

The Organization is capable of preparing, understanding and accepting responsibility for the financial statements. Although the Organization is responsible for the content of the financial statements they have contracted with the auditor to prepare the financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on December 23, 2016. The following individuals were in attendance.

Youthworks!

Melynn Schuyler, Executive Director

Dona Absher, Fee Accountant

Laine Renfro, Board Chair

Precision Accounting LLC

Melissa R. Santistevan, CPA, CFE, CGMA, CICA

Alexandra Yebra, Staff Accountant