

TIME OUT YOUTH

FINANCIAL STATEMENTS
DECEMBER 31, 2015

TIME OUT YOUTH

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Time Out Youth
Charlotte, North Carolina

We have audited the accompanying financial statements of Time Out Youth (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of December 31, 2015, 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 Time Out Youth, as of December 31, 2015 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.

C. DeWitt Foard & Company, P.A.
August 22, 2016

TIME OUT YOUTH

Statement of Financial Position

December 31, 2015

ASSETS

Cash	\$	295,306
Promises to give, net		21,789
Other receivables		899
Prepaid expense		3,427
Sales tax receivable		2,894
Inventory, at cost		517
Property and equipment, net of accumulated depreciation of \$19,273		55,902

TOTAL ASSETS **\$ 380,734**

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$	4,162
Payroll withholdings		9,262
Accrued wages		11,086
Funds held for others		15,857

Total Liabilities 40,367

Net Assets:

Unrestricted		324,958
Temporarily restricted		15,409

Total Net Assets 340,367

TOTAL LIABILITIES AND NET ASSETS **\$ 380,734**

TIME OUT YOUTH

Statement of Activities

For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<u>SUPPORT AND REVENUE</u>			
Contributions and grants:			
Cash	\$ 344,733	\$ 46,944	\$ 391,677
In-kind	29,715	-	29,715
Governmental agency contracts	24,852	-	24,852
Special events (net of \$22,598 of direct benefit)	52,856	-	52,856
Other	31,349	-	31,349
Interest	174	-	174
Total Support and Revenue	483,679	46,944	530,623
Net Assets Released From Restrictions:			
Restrictions satisfied by payments	35,535	(35,535)	-
TOTAL SUPPORT, REVENUE AND RECLASSIFICATIONS	519,214	11,409	530,623
<u>EXPENSES</u>			
Program services	338,181	-	338,181
Management and general	49,695	-	49,695
Fund raising	69,898	-	69,898
TOTAL EXPENSES	457,774	-	457,774
CHANGE IN NET ASSETS	61,440	11,409	72,849
NET ASSETS, BEGINNING	263,518	4,000	267,518
NET ASSETS, ENDING	\$ 324,958	\$ 15,409	\$ 340,367

TIME OUT YOUTH

Statement of Functional Expenses

For the Year Ended December 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals</u>
Salaries and payroll taxes	\$ 197,592	\$ 31,348	\$ 34,270	\$ 263,210
Occupancy	36,240	5,095	5,095	46,430
Youth programming	28,701	-	-	28,701
Conferences, conventions, and meetings	-	-	24,723	24,723
Advertising	18,669	2,924	2,293	23,886
Kickball facilities & equipment	-	-	16,665	16,665
Professional fees	10,276	1,373	1,433	13,082
Miscellaneous	5,850	2,112	1,402	9,364
Office expenses	6,317	1,387	1,387	9,091
Insurance	4,866	2,026	2,038	8,930
Professional development	6,998	776	776	8,550
Depreciation	6,315	789	789	7,893
Telephone	4,372	472	472	5,316
Printing and publications	3,271	376	817	4,464
Travel	3,548	747	-	4,295
Scholarships	3,000	-	-	3,000
Postage	2,166	270	336	2,772
<i>TOTAL EXPENSES</i>	<i>338,181</i>	<i>49,695</i>	<i>92,496</i>	<i>480,372</i>
Less direct costs of special events	-	-	22,598	22,598
<i>NET EXPENSES</i>	<i>\$ 338,181</i>	<i>\$ 49,695</i>	<i>\$ 69,898</i>	<i>\$ 457,774</i>

TIME OUT YOUTH

Statement of Cash Flows

For the Year Ended December 31, 2015

OPERATING ACTIVITIES

Change in net assets	\$ 72,849
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	7,893
(Increase) decrease in operating assets:	
Promises to give	(15,817)
Sales tax receivable	(487)
Other receivables	(899)
Prepaid expense	(1,204)
Inventory	2,024
Increase (decrease) in operating liabilities:	
Funds held for others	14,941
Accounts payable	3,688
Payroll withholdings	6,685
Accrued wages	3,502
Cash Flows from Operating Activities	93,175

INVESTING ACTIVITIES

Purchase of property & equipment	(3,510)
Cash Flows from Investing Activities	(3,510)

CHANGE IN CASH **89,665**

CASH, BEGINNING **205,641**

CASH, ENDING **\$ 295,306**

TIME OUT YOUTH
Notes to Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Time Out Youth, (the Organization) was established as a not-for-profit corporation to provide support to lesbian, gay, bisexual, transgender, and questioning youth ages 11 to 20 in the Charlotte, North Carolina, area. The Organization seeks to create a strong visible organization to end the isolation of these individuals and to provide them with support, affirmation, empowerment, and positive role models through various programs, activities, and counseling. The Organization's primary sources of funding are contributions and special event revenue.

Basis of Presentation

The 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). Under GAAP, the Organization is required to report information regarding its financial position and activities according to the following three classes of net assets:

- *Unrestricted:* Net assets represent funds which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its program or supporting services.
- *Temporarily Restricted:* Net assets are comprised of funds which are restricted by donors for specific purposes. The restrictions are satisfied by the passage of time or actions of the Organization.
- *Permanently Restricted:* Net assets include resources with permanent donor-imposed restrictions, which require the assets to be maintained in perpetuity. During the year ended December 31, 2015, the Organization had no permanently restricted net assets.

Grants and Contributions

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. Restricted support received is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, 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 restrictions.

Promises to Give

Unconditional pledges receivable are recognized as support in the period the pledge is received. All pledges are expected to be collected within one year. Based on the historical collectability of the pledging organizations, management has determined that no allowance for doubtful accounts is needed.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

TIME OUT YOUTH
Notes to Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property and Equipment

Property and equipment is carried on the books at historical cost if purchased and at fair value at the date of the gift if donated, subject to a capitalization threshold of \$500. Property and equipment purchased that is less than the capitalization threshold is expensed in the year acquired. Donated property and equipment valued individually less than the capitalization threshold is not recorded in the financial statements. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to ten years. During the year ended December 31, 2015 the Organization recorded no contributed equipment.

Donated Facilities, Services and Goods

Donated facilities with an estimated fair market value of \$26,400 have been reflected in the financial statements as a contribution with a like amount included in occupancy expense. Donated services are reported as contributions when the services (a) create or enhance non-financial 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. During the year ended December 31, 2015 the Organization recorded no of contributed services and \$3,315 of contributed goods.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. No amounts have been reflected in the financial statements for these contributions as the contributions are either insignificant or do not meet the criteria for recognition.

Functional Allocation of Expenses

Expenses are allocated to program services, management and general, and fund raising based on management's estimates of time spent and various allocation methods appropriate to the type of expense.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation.

Funds Held for Unrelated Organizations

The accompanying statement of financial position reflects a liability for the funds held by the Organization for the benefit of other unrelated organizations. The amount held at year-end is comprised of \$10,127 held for Stonewall Kickball-Charlotte and \$5,730 for Stonewall Sports-Charlotte.

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Notes to Financial Statements
December 31, 2015

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2015, is composed of the following:

Leasehold improvements	\$	25,068
Furniture, fixtures, and equipment		<u>25,107</u>
		50,175
Less – accumulated depreciation		<u>19,273</u>
Net Property and Equipment		30,902
Land not held for use in operations		<u>25,000</u>
Total Property and Equipment	\$	<u><u>55,902</u></u>

NOTE C - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by donors during the year ended December 31, 2015, were as follows:

Purpose restrictions accomplished:		
Program Travel	\$	2,269
Day of Caring		1,000
Outreach and Marketing		4,500
Emergency Housing Program		2,000
Cyber Center		2,361
Transgender Outreach		12,405
School Outreach Position		<u>9,000</u>
	\$	<u><u>35,535</u></u>

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015, consist of the following:

Outreach & Advocacy	\$	200
Youth Leadership		231
Washer & Dryer		1,339
Cyber Center		8,639
School Outreach		<u>5,000</u>
	\$	<u><u>15,409</u></u>

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Notes to Financial Statements
December 31, 2015

NOTE E - RETIREMENT PLAN

The Organization has adopted a voluntary retirement savings plan qualified under Internal Revenue Code Section 403(b). Under this plan, eligible employees may elect to defer a portion of their compensation, up to limits established by the Code, for income tax purposes. Time Out Youth has no obligation to make any contributions to this plan and, thus, had no benefit cost related to this plan during the year ended December 31, 2015.

NOTE F - CONCENTRATION OF RISK

Support and Receivables

During the year ended December 31, 2015, the Organization received twenty-four percent of its contributions from its five largest donors. As of December 31, 2015, promises to give includes a single promise of twenty-three percent of the total balance. These amounts represent significant concentrations of risk that operations could be affected if these agencies unexpectedly discontinued their funding of the Organization.

Geographic Area

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

Cash and Certificates of Deposit

Cash and certificates of deposit are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) for bank accounts. The total cash and certificates of deposit held by the Organization at December 31, 2015, include \$52,693 in excess of insured limits covered by FDIC.

NOTE G - LEASES

The Organization signed a lease in April of 2013 for office space. Minimum future rental payments under this lease are \$9,000.

NOTE H - SUBSEQUENT EVENTS

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