

FINANCIAL STATEMENTS

FUTURE FOR KIDS

DECEMBER 31, 2016

## TABLE OF CONTENTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT.....	3
STATEMENT OF FINANCIAL POSITION – CASH BASIS .....	5
STATEMENT OF ACTIVITIES – CASH BASIS.....	6
STATEMENT OF FUNCTIONAL EXPENSES – CASH BASIS .....	7
NOTES TO FINANCIAL STATEMENTS .....	9

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Future for Kids  
Scottsdale, AZ

I have reviewed the accompanying statement of financial position – cash basis of the Future for Kids (a non-profit corporation) as of December 31, 2016 and the related statements of activities and functional expenses – cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

### ***Accountant's Responsibility***

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. I believe that the results of my procedures provide a reasonable basis for my conclusion.

### ***Accountant's Conclusion***

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting

***Basis of Accounting***

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My conclusion is not modified with respect to this matter.

Angela D. Bertram, CPA

Peoria, AZ  
April 4, 2017

Future for Kids  
Statement of Financial Position - Cash Basis  
December 31, 2016

ASSETS

Assets	
Current assets:	
Cash and cash equivalents	\$ 482,455
Fixed assets, net	<u>16,981</u>
Total Assets	<u><u>\$ 499,436</u></u>

LIABILITIES AND NET ASSETS

Net Assets	
Unrestricted	499,436
Temporarily restricted	<u>-</u>
Total net assets	<u>499,436</u>
Total Liabilities and Net Assets	<u><u>\$ 499,436</u></u>

See accompanying notes and independent accountant's review report.

Future for Kids  
Statement of Activities - Cash Basis  
For the year ended December 31, 2016

REVENUES	Unrestricted	Temporarily Restricted	Total
Contributed support	\$ 233,098	\$ 47,000	\$ 280,098
Special events	99,700		99,700
Non-monetary (in-kind) contributions	168,238		168,238
Interest income	387		387
Miscellaneous income	-		-
Net assets released from restrictions	<u>97,000</u>	<u>(97,000)</u>	<u>-</u>
Total Revenues	<u>598,423</u>	<u>(50,000)</u>	<u>548,423</u>
EXPENSES			
Program services:			
Discover Your Future	273,694		273,694
Sports and Fitness Camps	91,917		91,917
Summer Program	39,444		39,444
LEAD Program	<u>3,077</u>		<u>3,077</u>
Total program services expenses	408,132	-	408,132
Support services:			
Management and general	58,426		58,426
Fundraising	<u>42,174</u>		<u>42,174</u>
Total support services expenses	<u>100,600</u>	<u>-</u>	<u>100,600</u>
Total Expenses	<u>508,732</u>	<u>-</u>	<u>508,732</u>
CHANGE IN NET ASSETS	89,691	(50,000)	39,691
NET ASSETS-BEGINNING OF YEAR	<u>409,745</u>	<u>50,000</u>	<u>459,745</u>
NET ASSETS-END OF YEAR	<u>\$ 499,436</u>	<u>\$ -</u>	<u>\$ 499,436</u>

See accompanying notes and independent accountant's review report.

Future for Kids  
Statement of Functional Expenses - Cash Basis  
For the year ended December 31, 2016

EXPENSES	Program Services				Support Services		Total
	Discover Your Future	Sports & Fitness Camps	Summer Programs	LEAD	Management and General	Fundraising	
Salaries and wages	\$ 95,229	\$ 64,269	\$ 31,253	\$ 2,571	\$ 12,550	\$ 8,000	\$ 213,872
Benefits and taxes	7,872	5,313	2,583	212	3,715	-	19,695
Accounting fees	-	-	-	-	9,154	-	9,154
Auction items	-	-	-	-	-	-	-
Awards	730	139	131	-	-	-	1,000
Bank charges	250	-	-	-	621	514	1,385
Books and materials	539	-	-	-	-	-	539
Coaches and speakers	-	200	975	-	-	-	1,175
Conferences	-	-	-	-	237	31	268
Consulting/Evaluation	8,000	1,000	1,000	-	-	-	10,000
Contract labor	250	-	-	-	-	-	250
Depreciation	-	-	-	-	4,461	-	4,461
Equipment	237	-	-	-	-	150	387
Equipment rental	-	-	-	-	958	-	958
Fees and permits	-	-	-	-	1,575	10,135	11,710
Food, snacks and water	2,622	663	169	-	18	3,243	6,715
Gift items	-	-	-	-	47	3,080	3,127
Grants to other organizations	500	-	-	-	2,960	-	3,460
In-kind donation	122,537	15,334	1,750	51	6,861	15,005	161,538
Insurance	-	-	-	-	-	-	-
Insurance - non-employee	3,280	300	-	-	820	-	4,400

See accompanying notes and independent accountant's review report.

Future for Kids  
Statement of Functional Expenses - Cash Basis  
For the year ended December 31, 2016

EXPENSES	Program Services				Support Services		Total
	Discover Your Future	Sports & Fitness Camps	Summer Programs	LEAD	Management and General	Fundraising	
Legal fees	-						-
Marketing	1,382				1,077	25	2,484
Meals and entertainment	112				224	29	365
Meetings		30			118	23	171
Membership dues	228				808		1,036
Miscellaneous							-
Outside computer service	624						624
Postage	198				388		586
Printing	1,720				508	634	2,862
Reference checks	856						856
Rent and storage	8,044	94			5,814		13,952
Staff development	270				1,087		1,357
Supplies	9,125	3,888	1,551	243	2,438	1,182	18,427
Technology	250	250			99		599
Telephone	2,075				891		2,966
Travel	2,626		32		82		2,740
Volunteer management	4,138	437			915	123	5,613
	<u>\$ 273,694</u>	<u>\$ 91,917</u>	<u>\$ 39,444</u>	<u>\$ 3,077</u>	<u>\$ 58,426</u>	<u>\$ 42,174</u>	<u>\$ 508,732</u>

See accompanying notes and independent accountant's review report.



Future for Kids  
Notes to Financial Statements  
December 31, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Future for Kids (the Organization) an Arizona non-profit corporation was organized in 2000 and is dedicated to providing at-risk youth education through mentorship and sports and fitness programs. The Organization's mission involves providing programs and camps that focus on academics, athletics, and ethics. The programs include Discover Your Future, Sports & Fitness Camps and Summer Programs. Discover Your Future is an after-school enrichment program where caring adult volunteer mentors work closely with at-risk youth. The Sports & Fitness Camps are offered throughout the year to at-risk youth in the community. The Summer Program is an all-encompassing week-long event for at-risk youth concentrating on fitness, nutrition and fun! The Organization is supported mainly through contributions, grants and special events.

Basis of Accounting

The financial statements are presented using the cash basis of accounting. Under the cash basis of accounting, revenues are recognized when collected rather than when earned. The related costs and expenses are recognized when paid rather than when the obligation is incurred.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment

The Organization capitalizes all property and equipment with a cost of \$1,000 if purchased, and a fair value of \$1,000 at date of donation if received by contribution. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method with estimated useful lives ranging from 3 to 40 years.

Future for Kids  
Notes to Financial Statements  
December 31, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Income Taxes

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

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed. In 2013, tax year 2011 was audited by the IRS which resulted in no changes.

Display of Net Assets by Class

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the FASB Accounting Standards Codification (FASB ASC) as set forth in FASB ASC 958. Accordingly, the net assets of the Organization are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets and (c) permanently restricted net assets. Currently, the Organization has no permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

Contributed materials and services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Future for Kids  
Notes to Financial Statements  
December 31, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributed materials and services - continued

In addition, a number of volunteers have donated a significant amount of time towards the Organization's programs. These contributions in-kind are not reflected in the financial statements since these services do not meet the criteria for recognition.

Donated Facilities

The Organization leases office space on a month to month basis from Pritherm, LLC. The Organization's monthly rent expense is \$800 and the balance of the rent is donated by Pritherm, LLC. Rent expense for the year ended December 31, 2016 amounted to \$6,121. Contributions and expenses related to the donated office space amounting to \$14,400 have been reflected in the accompanying statement of activities.

The Organization has facilities donated for their programs. The amount is included in the in-kind donations.

Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE 2 – RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets were contributed throughout the year for mainly the Discover Your Future and Sports & Fitness Camp Programs. The Organization also received funds to be used for management and general costs.

All of the funds were released from temporary restriction during the year. The balance in temporarily restricted net assets as of December 31, 2016 is \$0.

Future for Kids  
Notes to Financial Statements  
December 31, 2016

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Furniture and equipment	\$ 19,614
Leasehold improvements	7,922
Accumulated depreciation	<u>(10,554)</u>
	<u><u>\$ 16,981</u></u>

**NOTE 4 – CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances at three financial institutions. The accounts are protected under the Federal Deposit Insurance Corporation (FDIC). FDIC insures deposit accounts up to \$250,000. The balance in the checking account exceeded the insured amounts by \$31,608 as of December 31, 2016.

**NOTE 5 – RELATED PARTY TRANSACTIONS**

The Organization received contributions from board members or companies that board members are affiliated with that totaled \$74,800 and in-kind contributions that totaled \$10,400 for the year ended December 31, 2016.

**NOTE 6 – EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through April 4, 2017, the date which the financial statements were available to be issued.

April 6, 2017

Future for Kids  
1425 W. Southern Ave., Ste. 10A  
Tempe, AZ 85282

Dear Ms. Bistany:

Enclosed are four bound and one unbound financial statements for the Future for Kids as of December 31, 2016.

If you have any questions, please feel free to call me.

Sincerely,

Angela D. Bertram, CPA

Enclosures