



YOUTH LEARNING CENTER

FINANCIAL REPORT
(Audited)

Year Ended December 31, 2014

YOUTH LEARNING CENTER
FINANCIAL REPORT

	Page
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
SUPPLEMENTAL INFORMATION	
Schedules of Functional Expenses	13



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

September 15, 2015

The Board of Directors
YOUTH LEARNING CENTER

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **YOUTH LEARNING CENTER** (the Organization), which are comprised of the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years 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 from 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 rele-

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

vant to the Organization'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 Organization'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 above present fairly, in all material respects, the financial position of the Organization as of December 31, 2014 and 2013, and the respective changes in its net assets and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

REPORT ON SUPPLEMENTAL INFORMATION

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. 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. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

YOUTH LEARNING CENTER
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 264,861	61,595
Accounts receivable	7,230	27,669
Contributions receivable	9,651	22,967
Unconditional promises to give	20,000	-
Total Current Assets	301,742	112,231
Fixed Assets		
Nondepreciable	60,101	35,812
Other fixed assets, net of accumulated depreciation	1,885,478	1,915,725
Total Fixed Assets	1,945,579	1,951,537
Total Assets	\$ 2,247,321	2,063,768
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 69,627	25,189
Deferred revenue	20,376	-
Total Current Liabilities	90,003	25,189
Net Assets		
Unrestricted	2,104,245	2,038,579
Temporarily restricted	53,073	-
Total Net Assets	2,157,318	2,038,579
Total Liabilities And Net Assets	\$ 2,247,321	2,063,768

YOUTH LEARNING CENTER
STATEMENTS OF ACTIVITIES

For The Years Ended December 31

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	\$ 899,839	20,000	919,839	468,066	-	468,066
In-kind donations	123,661	-	123,661	-	-	-
Grants	97,783	33,073	130,856	67,750	-	67,750
Interest and dividends	609	-	609	471	-	471
Student fees	85,788	-	85,788	95,464	-	95,464
Fundraising events	34,515	-	34,515	34,163	-	34,163
Miscellaneous	453	-	453	1,487	-	1,487
Total Support And Revenue	<u>1,242,648</u>	<u>53,073</u>	<u>1,295,721</u>	<u>667,401</u>	<u>-</u>	<u>667,401</u>
EXPENSES						
Program services	831,328	-	831,328	742,261	-	742,261
Management and general	106,315	-	106,315	70,457	-	70,457
Fundraising	239,339	-	239,339	316,819	-	316,819
Total Expenses	<u>1,176,982</u>	<u>-</u>	<u>1,176,982</u>	<u>1,129,537</u>	<u>-</u>	<u>1,129,537</u>
CHANGE IN NET ASSETS	65,666	53,073	118,739	(462,136)	-	(462,136)
NET ASSETS, JANUARY 1	<u>2,038,579</u>	<u>-</u>	<u>2,038,579</u>	<u>2,500,715</u>	<u>-</u>	<u>2,500,715</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 2,104,245</u></u>	<u><u>53,073</u></u>	<u><u>2,157,318</u></u>	<u><u>2,038,579</u></u>	<u><u>-</u></u>	<u><u>2,038,579</u></u>

YOUTH LEARNING CENTER
STATEMENTS OF CASH FLOWS

	For The Years	
	Ended December 31	
	2014	2013
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Change in net assets	\$ 118,739	(462,136)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	76,615	93,559
Loss on disposal of fixed assets	94	552
(Increase) decrease in:		
Accounts receivable	20,439	(27,669)
Contributions receivable	13,316	(2,604)
Unconditional promise to give	(20,000)	-
Prepaid expenses	-	9,715
Increase (decrease) in:		
Accounts payable and accrued expenses	44,438	7,154
Deferred revenue	20,376	-
Total Adjustments	155,278	80,707
Net Cash Provided By (Used In) Operating Activities	274,017	(381,429)
 Cash flows used in investing activities:		
Purchase of fixed assets	(70,751)	(13,427)
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	203,266	(394,856)
 CASH AND CASH EQUIVALENTS, JANUARY 1	61,595	456,451
 CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 264,861	61,595

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies consistently applied by **YOUTH LEARNING CENTER** (the Organization) in the preparation of the accompanying financial statements are summarized below:

1. Nature of Operations

The Organization is a nonprofit organization that provides education resources to youth of the metropolitan St. Louis area. The mission of the Organization is to provide unique academic and enrichment experiences for youth from underserved communities to inspire lifelong learning, social responsibility, and moral leadership.

2. Basis of Accounting

These financial statements are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Revenues and expenses are recognized in the period in which they are earned or incurred.

3. Basis of Presentation

Under FASB codified statements, the Organization is required to report information regarding its financial position and activities according to three classes of net assets - unrestricted, temporarily restricted, and permanently restricted.

4. Net Assets

Net assets of the Organization consisted of the following:

Unrestricted -- These net assets are available for general obligations of the Organization.

Temporarily restricted -- These net assets have a donor-imposed restriction placed on them, but the purpose of the proceeds is not permanently restricted.

The Organization does not have any permanently restricted net assets at December 31, 2014 and 2013.

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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. Actual results could differ from these estimates.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Revenues and Unconditional 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. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give as of December 31, 2014 and 2013 were \$20,000 and \$0, respectively.

7. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

8. Investments

Investments, if any, are recorded at fair value as determined by quoted prices in an active market. As of December 31, 2014 and 2013, the Organization had \$25,752 and \$11,559, respectively, held in a brokerage account consisting mainly of cash.

9. Accounts Receivable

Accounts receivable represents tuition due from students and is considered fully collectible by the Organization's management. At December 31, 2014 and 2013, an allowance for doubtful accounts was not deemed necessary.

10. Contributions Receivable

Contributions receivable represents grants, contracts, and amounts due from donors and is considered fully collectible by the Organization's management. At December 31, 2014 and 2013, an allowance for doubtful accounts was not deemed necessary.

11. Fixed Assets

Fixed assets are carried at cost if purchased or at fair value if donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

12. Donated Materials and Services

The Organization received donated goods and services from a variety of unpaid volunteers assisting the Organization in providing management, litigatory, and programmatic services. As of December 31, 2014, \$123,661 has been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under financial accounting standards

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Donated Materials and Services (Continued)

has been satisfied. Contributions of materials 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.

13. Unrestricted and Restricted Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The Organization reports donations of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When the satisfaction of a restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When donor-restricted contributions are received and used for the purpose and/or time-period intended during the same year, they are reported as increases in unrestricted net assets.

14. Functional Expenses

The Organization allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on estimates made by management.

15. 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 taxes has been included in the accompanying financial statements.

The Organization follows FASB accounting standards for uncertainty in income taxes. These standards require that uncertain income tax positions be “more likely than not” before the amounts are recognized in the financial statements. Further, the standards require the benefit or expense be recorded in the financial statements as the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. The Organization has assessed its federal and state tax positions and determined there were no uncertainties or possible related effects that need to be recorded as of and for the years ended December 31, 2014 and 2013.

Open Years -- The federal and state income tax returns of the Organization are subject to examination by the respective taxing authorities generally for three years after they were filed.

YOUTH LEARNING CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Income Taxes (Continued)

Income Tax Penalties and Interest Policy -- Penalties and interest assessed by income taxing authorities are included in operating expenses. The Organization did not incur income tax penalties or interest for the years ended December 31, 2014 and 2013.

16. Concentrations of Credit Risk

The Organization maintains cash balances at financial institutions which are insured by the Federal Deposit Insurance Corporation. At December 31, 2014, the Organization's bank balances were under secured by \$5,872. The Organization's bank balances were fully secured at December 31, 2013.

NOTE B - FIXED ASSETS

Fixed assets consist of the following:

	December 31	
	2014	2013
Land	\$ 24,905	24,905
Construction in progress	35,196	10,907
Building	2,352,860	2,352,860
Equipment and fixtures	232,478	248,796
Building improvements	66,199	66,199
Vehicles	28,235	28,235
Intangible assets	21,500	-
	2,761,373	2,731,902
Less - Accumulated depreciation	815,794	780,365
Total Fixed Assets, Net Of Accumulated Depreciation	\$ 1,945,579	1,951,537

Depreciation expense is \$76,615 and \$93,559 for the years ended December 31, 2014 and 2013.

NOTE C - EMPLOYEE RETIREMENT PLAN

The Organization has adopted a 401(k) Retirement Plan that contains an employer match. Participants are eligible to receive a matching contribution of 25% of contributions up to 4% of compensation. Contributions from the Organization to the Plan totaled \$3,388 and \$1,941 for the years ended December 31, 2014 and 2013, respectively.

NOTE D - RELATED PARTY TRANSACTIONS

A member of the Organization's Board is also affiliated with the Ford Family Charitable Fund, a Fund of Greater St. Louis Community Foundation. During the years ended December 31, 2014 and 2013, the Fund contributed \$588,000 and \$202,450 to the Organization, respectively.

NOTE E - FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement to date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach are used to measure fair value.

The Organization's financial instruments are cash and cash equivalents, contributions receivable, accounts receivable, and accounts payable. The recorded values of cash, cash equivalents, contributions receivable, accounts receivable, and accounts payable approximate their fair value based on their short-term nature.

NOTE F - OPERATING LEASES

The Organization leases equipment under certain operating lease agreements with terms in excess of one year. Annual aggregate lease payments remaining under the terms of the operating lease agreements are as follows:

For The Years Ending December 31	
2015	\$ 2,376
2016	2,376
2017	2,376
2018	<u>1,782</u>
Total	<u>\$ 8,910</u>

YOUTH LEARNING CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE G - NET ASSETS

Temporarily restricted net assets include the following balances which are restricted to specific program services:

	December 31	
	2014	2013
Lego Robotics	\$ 7,500	-
Game Jam	770	-
2 Degrees	21,973	-
Makerspace items	2,830	-
The Biome	<u>20,000</u>	<u>-</u>
Total Temporarily Restricted Net Assets	<u>\$ 53,073</u>	<u>-</u>

NOTE H - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 15, 2015, the date which the financial statements were available for issue.

On June 16, 2015, the Organization signed a promissory note of \$200,000 due June 16, 2016 with an interest rate of prime which is currently 3.25% per year. The note will be used for the construction of the Organization's charter school.

On May 22, 2015, the Organization signed a construction agreement with Interior Systems Contracting/DBA ISC Contracting for \$195,321 with additions, not to exceed \$200,100 for the construction of the Organization's charter school renovation.

SUPPLEMENTAL INFORMATION SECTION

YOUTH LEARNING CENTER
SUPPLEMENTAL INFORMATION

SCHEDULES OF FUNCTIONAL EXPENSES

	For The Year Ended December 31, 2014			
	Program Services	Management And General	Fundraising	Total
Salaries and related expenses:				
Compensation of officers	\$ 130,605	61,008	27,928	219,541
Other salaries and wages	281,812	4,643	123,485	409,940
Payroll taxes and processing fees	55,735	8,445	20,268	84,448
Total Salaries And Related Expenses	<u>468,152</u>	<u>74,096</u>	<u>171,681</u>	<u>713,929</u>
Development	-	6,525	-	6,525
Fundraising	-	-	29,421	29,421
Rental and maintenance equipment	10,205	1,249	1,875	13,329
Summer program	2,867	-	-	2,867
After school program	32,067	-	-	32,067
Occupancy	20,164	2,689	4,033	26,886
Charter school	39,395	-	-	39,395
Office	5,515	1,800	2,090	9,405
Insurance	18,170	2,423	3,633	24,226
Marketing	7,689	-	-	7,689
Miscellaneous	1,422	3,690	3,652	8,764
Professional fees	127,684	2,825	7,711	138,220
Supplies	20,581	71	108	20,760
Training and staff development	14,218	2,259	2,448	18,925
Telephone	2,518	335	504	3,357
Bank and credit card charge	1,922	412	413	2,747
Meals and entertainment	99	22	21	142
Membership dues	1,199	257	257	1,713
Total Expenses Before Depreciation	<u>773,867</u>	<u>98,653</u>	<u>227,847</u>	<u>1,100,367</u>
Depreciation	57,461	7,662	11,492	76,615
Total Expenses	<u>\$ 831,328</u>	<u>106,315</u>	<u>239,339</u>	<u>1,176,982</u>

YOUTH LEARNING CENTER
SUPPLEMENTAL INFORMATION

SCHEDULES OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2013				
	Program Services	Management And General	Fundraising	Total
Salaries and related expenses:				
Compensation of officers	\$ 117,425	13,961	65,636	197,022
Other salaries and wages	289,373	22,107	145,022	456,502
Payroll taxes and processing fees	68,263	8,659	26,369	103,291
Total Salaries And Related Expenses	475,061	44,727	237,027	756,815
Fundraising	-	-	52,878	52,878
Rental and maintenance equipment	11,931	1,639	2,590	16,160
Summer program	8,160	-	-	8,160
After school program	50,235	-	-	50,235
Occupancy	18,815	2,317	2,353	23,485
Charter school	15,405	-	-	15,405
Office	8,696	1,864	1,864	12,424
Insurance	21,272	2,659	2,659	26,590
Marketing	3,614	-	-	3,614
Miscellaneous	6,981	3,409	3,913	14,303
Professional fees	14,110	3,023	3,024	20,157
Supplies	8,695	107	107	8,909
Training and staff development	18,250	-	-	18,250
Telephone	2,976	372	372	3,720
Bank and credit card charge	1,624	348	335	2,307
Meals and entertainment	1,589	340	341	2,270
Membership dues	-	296	-	296
Total Expenses Before Depreciation	667,414	61,101	307,463	1,035,978
Depreciation	74,847	9,356	9,356	93,559
Total Expenses	\$ 742,261	70,457	316,819	1,129,537