

Strategies For Youth, Inc.

Financial Statements

and

Independent Auditors' Report

June 30, 2016 (Audited) and 2015 (Reviewed)

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Ingle & Associates LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Strategies For Youth, Inc.
Cambridge, MA 02139

We have audited the accompanying financial statements of Strategies For Youth, Inc. (a non-profit organization) which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, net assets 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 audits 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Strategies For Youth, Inc. as of June 30, 2016, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying statements for the year ended June 30, 2015 of Strategies For Youth, Inc. were reviewed by us. The objective of a review is apply 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, we do not express such an opinion.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 12 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 audit 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.

Ingle & Associates LLC

Ingle & Associates, LLC
Shrewsbury, Massachusetts

March 1, 2017

Strategies For Youth, Inc.

Statements of Financial Position
June 30, 2016 and 2015

	<u>2016</u> (Audited)	<u>2015</u> (Reviewed)
<u>Assets</u>		
Cash and cash equivalents	\$ 409,122	\$ 249,670
Accounts receivable	58,616	39,602
Prepaid insurance	7,875	798
Fixed assets, net	6,095	6,164
Deposits	<u>4,900</u>	<u>2,970</u>
Total assets	<u>\$ 486,608</u>	<u>\$ 299,204</u>
<u>Liabilities and Net Assets</u>		
Accounts payable and accrued expenses	\$ 48,983	\$ 19,026
Deferred program revenue	94,621	-
Unrestricted net assets	184,652	55,382
Temporarily restricted net assets	<u>158,352</u>	<u>224,796</u>
Total liabilities and net assets	<u>\$ 486,608</u>	<u>\$ 299,204</u>

See accompanying notes to financial statements
and independent auditors' report.

Strategies For Youth, Inc.

Statement of Activities
For the years ended June 30, 2016 and 2015

	2016 (Audited)				2105 (Reviewed)			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue:								
Donor contributions	\$ 69,337	\$ -	\$ -	69,337	\$ 97,669	\$ -	\$ -	97,669
Foundation contributions	75,000	75,000	-	150,000	6,242	71,139	-	77,381
Program income	547,734	-	-	547,734	166,698	-	-	166,698
Grant income	40,250	-	-	40,250	-	25,000	-	25,000
Consulting revenue	9,200	-	-	9,200	12,863	-	-	12,863
Contributed services	273,340	-	-	273,340	-	-	-	-
Interest income	11	-	-	11	30	-	-	30
Net assets released from restrictions	141,444	(141,444)	-	-	224,257	(224,257)	-	-
Total revenue	1,156,316	(66,444)	-	1,089,872	507,759	(128,118)	-	379,641
Expenses:								
Program expense	882,318	-	-	882,318	438,352	-	-	438,352
Management and general expense	124,129	-	-	124,129	91,868	-	-	91,868
Fundraising expense	20,599	-	-	20,599	-	-	-	-
Total expenses	1,027,046	-	-	1,027,046	530,220	-	-	530,220
Increase in net assets	129,270	(66,444)	-	62,826	(22,461)	(128,118)	-	(150,579)
Net assets, beginning of year	55,382	224,796	-	280,178	77,843	352,914	-	430,757
Net assets, end of year	\$ 184,652	\$ 158,352	\$ -	\$ 343,004	\$ 55,382	\$ 224,796	\$ -	\$ 280,178

See accompanying notes to financial statements
and independent auditors' report.

Strategies For Youth, Inc.

Statement of Cash Flows For the years ended June 30, 2016 and 2015

	<u>2016</u> (Audited)	<u>2015</u> (Reviewed)
Cash flows from operating activities:		
Change in net assets	\$ 62,826	\$ (150,579)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,566	1,541
(Increase) decrease in operating assets:		
Accounts receivable	(19,014)	4,156
Prepaid expenses	(7,077)	32
Deposits	(1,930)	-
Accounts payable and accrued expenses	29,957	11,641
Deferred reveune	94,621	-
	160,949	(133,209)
Cash flows from investing activities:		
Purchase of fixed assets	(1,497)	(7,705)
Cash flows from financing activities:		
None	-	-
	159,452	(140,914)
Cash, beginning of year	249,670	390,584
Cash, end of year	\$ 409,122	\$ 249,670
Supplemental information:		
Income taxes paid	\$ -	\$ -
Interest paid	388	\$ -

See accompanying notes to financial statements
and independent auditors' report.

Strategies For Youth, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 1 - Nature of organization

Strategies For Youth, Inc. (“SFY”), a section 501 (c) (3) non-profit corporation, with experts from the Children & Adolescent Psychiatry Department of Massachusetts General Hospital (“MGH”) provides officer training to translate cutting edge psychiatric practice and neurological research into practical skills for officers to improve, facilitate and help de-escalate interactions with children and youth. These trainings are targeted for patrol officers as well as officers on specialized units. In addition, SFY provides and replicates the Juvenile Justice Jeopardy game to teach youth how to navigate interactions with police and their peers and understand the short and long term consequences of arrest and court involvement. Additionally, SFY provides assessments and technical assistance to police and sheriff’s departments

Note 2 - Summary of significant accounting policies

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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accrual basis:

The financial statements of SFY have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables and other liabilities.

Cash and cash equivalents:

Cash equivalents are short term investments maturing within ninety days of the balance sheet date. SFY cash and cash equivalents are considered entirely unrestricted and are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services.

Strategies For Youth, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

Note 2 – continued

Account receivable and bad debts:

The accounts receivable are recorded in the amounts the Organization expects to collect on balances outstanding a year-end. SFY considers accounts receivable to be fully collectible, accordingly no allowance for doubtful accounts is required. If amounts become uncollectible, they will be expensed when that determination is made.

Property and Equipment

Property and equipment are carried at cost or at fair value as of the date of the gift. The Organization capitalizes property and equipment if its value is greater than \$1,500 and has a useful life of more than three years. Depreciation is computed using the straight-line method over the assets' useful life.

Income taxes:

SFY is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is considered other than a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization follows the Accounting for Uncertainty in Income Taxes standard, which requires the Organization to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of June 30, 2016 the Organization determined that there are no material unrecognized tax benefits to report.

Information returns filed for the prior three years remain subject to examination by the Internal Revenue Service and Massachusetts tax authorities. The Organization does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

Financial statement presentation:

SFY reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Strategies For Youth, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

Note 2 – continued

Contributions:

The organization records as revenue the following types of contributions, when they are received, at fair value: cash, volunteered services, and gifts in kind. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to the three classes of net asset: permanently restricted, temporarily restricted, and unrestricted

Revenues:

Revenues are generated from program services and contributions. The primary source of program services are from officer training totaling \$547,734 and \$166,698 for the years ended June 30, 2016 and 2015 and is included in program income in the Statement of Activities.

Contributed services:

During the year ended June 30, 2016 contributed services included legal services. During the year ended June 30, 2015 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Community Outreach and Education:

SFY expenses the advertising and marketing expenses directly when incurred. The community outreach and education expenses totaled \$19,668 and \$30,049 for the year ended June 30, 2016 and 2015, respectively

Note 3 – Property and Equipment

	Estimated Useful Life	<u>2016</u>	<u>2015</u>
Office furniture & equipment	5-10 years	9,202	7,705
Less accumulated depreciation		<u>(3,107)</u>	<u>(1,541)</u>
		<u>6,095</u>	<u>6,164</u>

Strategies For Youth, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

Note 4- Unrestricted net assets

Unrestricted net assets are available for general business purposes. There are no restrictions on the use of these net assets. The balance of the unrestricted net assets is made up of beginning unrestricted net assets plus the increase (decrease) in unrestricted net assets during the year. The unrestricted net assets amounted to \$154,402 and \$55,382 for the year ended June 30, 2016 and 2015, respectively. The temporarily restricted net assets amounted to \$188,602 and \$224,796 for the years ended June 30, 2016 and 2015. There were no permanently restricted net assets as of June 30, 2016 and 2015.

Note 5- Evaluation of Subsequent Events

The Organization has evaluated subsequent events through March 1, 2017 the date which the financial statements were available to be issued. No subsequent events were found.

Note 6 – Reclassifications

Prior period financial statement amounts have been reclassified to conform to current period presentation.

Strategies For Youth, Inc.

Supplementary Information
For the years ended June 30, 2016 and 2015

	2016 (Audited)				2015 (Reviewed)			
	<u>Program Expenses</u>	<u>Management & General</u>	<u>Fundraising Expenses</u>	<u>Total</u>	<u>Program Expenses</u>	<u>Management & General</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Compensation and benefits	\$ 272,977	\$ 52,032	19,886	\$ 344,895	\$ 226,040	\$ 35,169	-	\$ 261,209
Legal fees	273,340	-	-	273,340	-	-	-	-
Contract services-outside services	133,256	-	-	133,256	72,495	-	-	72,495
Travel and meetings	127,025	-	-	127,025	79,204	-	-	79,204
Occupancy	-	26,702	-	26,702	-	28,350	-	28,350
Program supplies	21,065	-	-	21,065	10,041	-	-	10,041
Community Outreach and Education	19,668	-	-	19,668	30,049	-	-	30,049
Miscellaneous	11,390	6,425	713.00	18,528	-	6,481	-	6,481
Office expense	-	17,601	-	17,601	-	-	-	-
Contract services-accounting	-	16,931	-	16,931	-	8,670	-	8,670
Printing and copying	16,406	-	-	16,406	652	-	-	652
Postage	4,491	-	-	4,491	2,506	-	-	2,506
Insurance	2,180	2,133	-	4,313	-	9,911	-	9,911
Depreciation	-	1,566	-	1,566	-	1,541	-	1,541
Supplies	520	-	-	520	17,365	-	-	17,365
Interest expense	-	388	-	388	-	659	-	659
Conferences and meetings	-	351	-	351	-	87	-	87
Contract services-administration	-	-	-	-	-	1,000	-	1,000
	<u>\$ 882,318</u>	<u>\$ 124,129</u>	<u>\$ 20,599</u>	<u>\$ 1,027,046</u>	<u>\$ 438,352</u>	<u>\$ 91,868</u>	<u>\$ -</u>	<u>\$ 530,220</u>

See independent auditors' report.