

**OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF
MOURNING FAMILY FOUNDATION, INC.)**

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014



CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

**OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Overtown Youth Center, Inc.
(An Affiliate of Mourning Family Foundation, Inc.)

Report on the Financial Statements

We have audited the accompanying financial statements of Overtown Youth Center, Inc. (An Affiliate of Mourning Family Foundation, Inc.) ("OYC"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses 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 audits. 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 audits 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 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 above present fairly, in all material respects, the financial position of Overtown Youth Center, Inc. (An Affiliate of Mourning Family Foundation, Inc.) as of June 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Overtown Youth Center, Inc.
(An Affiliate of Mourning Family Foundation, Inc.)
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* and The Children's Trust Contracts, we have also issued our report dated December 17, 2015 on our consideration of OYC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 OYC's internal control over financial reporting and compliance.

Monison, Brown, Ariz & Fama

Miami, Florida
December 17, 2015

OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS	2015	2014
Cash and cash equivalents	\$ 489,038	\$ 374,525
Restricted cash - dinner program	71,932	66,024
Restricted cash - scholarships	44,868	64,705
Restricted cash - endowment	5,494	1,413
Accounts receivable	218,429	423,333
Contributions receivable	400,000	200,000
Other assets	5,110	5,110
Restricted investments	747,876	670,691
Property and equipment, net	160,287	164,341
TOTAL ASSETS	\$ 2,143,034	\$ 1,970,142
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 199,253	\$ 153,675
Note payable	16,092	21,018
TOTAL LIABILITIES	215,345	174,693
NET ASSETS		
Unrestricted	1,055,261	983,885
Temporarily restricted	252,428	241,564
Permanently restricted	620,000	570,000
TOTAL NET ASSETS	1,927,689	1,795,449
TOTAL LIABILITIES AND NET ASSETS	\$ 2,143,034	\$ 1,970,142

The accompanying notes are an integral part of these financial statements.

OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2015	2014
UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE		
Grants	\$ 863,675	\$ 1,101,820
Contributions	1,557,671	1,521,016
Special events	72,617	28,624
In-kind contributions	124,771	84,232
Net assets released from restrictions	<u>285,402</u>	<u>244,648</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>2,904,136</u>	<u>2,980,340</u>
TEMPORARILY RESTRICTED NET ASSETS:		
SUPPORT AND REVENUE		
Contributions	265,000	341,500
Interest and dividend income	49,282	25,670
Unrealized (loss) gains on investments	(18,016)	52,673
Net assets released from restrictions	<u>(285,402)</u>	<u>(244,648)</u>
TOTAL TEMPORARILY RESTRICTED SUPPORT AND REVENUE	<u>10,864</u>	<u>175,195</u>
PERMANENTLY RESTRICTED NET ASSETS:		
SUPPORT AND REVENUE		
Contributions	<u>50,000</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,965,000</u>	<u>3,155,535</u>
EXPENSES		
Program services	2,339,860	2,263,389
Supporting services:		
Management and general	312,965	323,461
Fundraising	<u>179,935</u>	<u>86,214</u>
TOTAL EXPENSES	<u>2,832,760</u>	<u>2,673,064</u>
CHANGE IN NET ASSETS	132,240	482,471
NET ASSETS, beginning of year	<u>1,795,449</u>	<u>1,312,978</u>
NET ASSETS, end of year	<u>\$ 1,927,689</u>	<u>\$ 1,795,449</u>

The accompanying notes are an integral part of these financial statements.

OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	Supporting Services		Total
	Programs	Management and General	Fundraising	
Payroll and related expenses	\$ 1,185,305	\$ 226,404	\$ 117,761	\$ 1,529,470
Occupancy	154,793	-	-	154,793
Rental and maintenance	28,544	6,779	357	35,680
Supplies	62,508	9,062	1,530	73,100
Telephone	10,804	7,968	-	18,772
Travel	25,430	4,748	-	30,178
Postage and shipping	120	2,044	593	2,757
Printing and publications	1,330	1,948	1,003	4,281
Insurance	45,086	15,074	-	60,160
Licenses and permits	-	1,196	-	1,196
Professional fees	14,020	19,000	-	33,020
Field trips	118,605	-	-	118,605
Student services	459,669	-	-	459,669
Scholarships	44,644	-	-	44,644
Special events	-	-	35,935	35,935
In-kind	124,771	-	-	124,771
Penalties and fees	-	2,980	-	2,980
Depreciation and amortization	25,063	-	-	25,063
Miscellaneous	39,168	15,762	22,756	77,686
TOTAL EXPENSES	\$ 2,339,860	\$ 312,965	\$ 179,935	\$ 2,832,760

The accompanying notes are an integral part of these financial statements.

OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services	Supporting Services		Total
	Programs	Management and General	Fundraising	
Payroll and related expenses	\$ 1,119,465	\$ 234,506	\$ 65,905	\$ 1,419,876
Occupancy	138,240	-	-	138,240
Rental and maintenance	33,468	7,949	418	41,835
Supplies	98,250	2,698	676	101,624
Telephone	8,910	7,092	-	16,002
Travel	25,016	6,329	-	31,345
Postage and shipping	-	1,735	1,433	3,168
Printing and publications	-	1,132	5,811	6,943
Insurance	43,856	23,631	-	67,487
Licenses and permits	-	1,645	-	1,645
Professional fees	57,681	20,000	-	77,681
Field trips	74,630	-	-	74,630
Student services	368,106	-	-	368,106
Scholarships	136,056	-	-	136,056
Special events	2,500	-	2,331	4,831
In-kind	84,232	-	-	84,232
Penalties and fees	-	5,416	-	5,416
Depreciation and amortization	23,635	-	-	23,635
Miscellaneous	49,344	11,328	9,640	70,312
TOTAL EXPENSES	\$ 2,263,389	\$ 323,461	\$ 86,214	\$ 2,673,064

The accompanying notes are an integral part of these financial statements.

OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 132,240</u>	<u>\$ 482,471</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	25,063	23,635
Permanently restricted gifts	(50,000)	-
Unrealized loss (gain) on investments	18,016	(52,673)
Changes in operating assets and liabilities:		
Decrease (increase) in restricted cash	9,848	(84,563)
Decrease (increase) in accounts receivable	204,904	(388,740)
Increase in contributions receivable	(200,000)	-
Decrease in accounts payable and accrued expenses	<u>45,578</u>	<u>49,730</u>
TOTAL ADJUSTMENTS	<u>53,409</u>	<u>(452,611)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>185,649</u>	<u>29,860</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(21,009)	(22,735)
Purchase of investments	<u>(95,201)</u>	<u>(29,228)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(116,210)</u>	<u>(51,963)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(4,926)	(4,597)
Payments on line of credit	-	(5,000)
Permanently restricted gifts	<u>50,000</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>45,074</u>	<u>(9,597)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	114,513	(31,700)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>374,525</u>	<u>406,225</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 489,038</u>	<u>\$ 374,525</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
In-kind contributions	<u>\$ 124,771</u>	<u>\$ 84,232</u>
Interest expense	<u>\$ 1,365</u>	<u>\$ 1,694</u>

The accompanying notes are an integral part of these financial statements.

**OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. NATURE OF ACTIVITIES

The Overtown Youth Center, Inc. (An Affiliate of Mourning Family Foundation, Inc. ("MFF")) ("OYC") is a non-profit charitable organization established and incorporated in the State of Florida in February 2001, as a 501(c)(3) organization. MFF was formerly known as Alonzo Mourning Charities, Inc. OYC is an inner-city youth development center in Miami, Florida established for the purpose of helping to improve the lives of at-risk youth in South Florida as well as to give children and families of Overtown a place that instills a sense of pride through education enhancement activities, team sports, employability skills and diverse exposure opportunities. The major program activities include educational enrichment, recreational activities, tutoring services and prevention initiatives for drugs, crime and violence.

OYC shares common charitable goals and jointly coordinates a number of charitable programs with MFF, a Florida not-for-profit corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. As a result, the Board of Directors of both organizations deemed that a merger was necessary in the best interests of both OYC and MFF to further its charitable purposes by implementing a centralized organizational structure with respect to such joint charitable goals and programs by amending OYC's Articles of Incorporation to convert OYC into a membership organization with MFF as the sole member thereof, effective July 1, 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting. Net assets, revenue, gains and losses are classified into three classes of net assets based on the existence or absence of donor-imposed restrictions. The three net asset categories are reflected in the accompanying financial statements as follows:

- **Unrestricted** - Net assets which are not subject to donor-imposed stipulations or restrictions; and include all revenue, gains and losses that are not changes in permanently or temporarily restricted net assets.
- **Temporarily restricted** - Net assets whose use by OYC is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or otherwise removed by actions of OYC pursuant to those stipulations.
- **Permanently restricted** - Net assets whose use by OYC is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of OYC. As of June 30, 2015 and 2014, OYC had \$620,000 and \$570,000 of permanently restricted net assets.

Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures 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 those estimates.

Concentration of Credit Risk

Financial instruments which potentially subject OYC to concentrations of credit risk consist principally of cash and cash equivalents and investments. OYC places its cash and cash equivalents and investments with highly rated financial institutions, and, by policy, limits the amount of credit exposure to any one institution. Although cash balances may exceed federally insured limits at times during the year, OYC has not experienced any losses in such accounts.

**OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk (Continued)

Concentration of credit risk with respect to contracts and grants receivable is limited since a substantial portion of contracts and grants receivable is due from federal, state and local government agencies and is based in accordance with contract terms.

Income Taxes

OYC is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

OYC recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and the State of Florida jurisdiction are the major tax jurisdictions where OYC files income tax returns. The OYC is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2012.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in checking and money market accounts with maturities of three months or less.

Restricted Cash

Restricted cash consists of amounts received in connection with the endowment and other programs. Restricted cash related to the endowment is considered permanently restricted. Cash received from donors restricted as to purpose or time is considered temporarily restricted.

Accounts Receivable

Accounts receivable consist primarily of amounts due from grantors. The allowance for doubtful accounts is OYC's best estimate of the amount of probable credit losses in OYC's existing accounts receivable. OYC determines the allowance based on a review of individual receivables for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for collection is considered remote. No allowance was deemed necessary by management at June 30, 2015 and 2014.

Contributions Receivable

Contributions receivable represent unconditional promises to give that are expected to be collected within one year. Unconditional promises to give are recognized as revenues in the period received. The allowance for doubtful accounts is OYC's best estimate of the amount of probable losses. Past due balances are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. No allowance was deemed necessary by management at June 30, 2015 and 2014.

Investments

OYC reports its investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value in the Statements of Financial Position.

OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investment gains and losses (including realized and unrealized gains and losses on investments, interest and dividends) are included in the accompanying Statements of Activities as increases or decreases in unrestricted net assets unless income or loss is restricted by donor or law.

Property and Equipment, Net

Property, plant and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts, less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; significant renewals and betterments are capitalized.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, as follows:

Automobiles	5 years
Computers and software	3 years
Furniture and fixtures	7 years
Leasehold improvements	Shorter of useful life or lease term

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. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in temporarily restricted or permanently restricted net assets. However, if a restriction is fulfilled in the same time period in which the contribution is received, OYC reports the support as unrestricted.

In-kind Contributions

OYC records the value of donated goods when there is an objective basis available to measure the value. Donated items are reflected as support in the financial statements at their fair market values at date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by OYC. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. In addition, OYC has a property lease agreement with the City of Miami (NOTE 10). As stipulated by certain provisions of the lease agreement, the value of the property is not readily determinable and therefore is not recorded in the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities. Certain administrative personnel perform duties which include both program and support functions. The expenses associated with these personnel are allocated based on the estimated hours devoted to each function. Other common administrative expenses are allocated based on the estimated utilization by the respective function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

OYC has evaluated subsequent events through December 17, 2015 which is the date the financial statements were available to be issued.

3. ACCOUNTS RECEIVABLE

Accounts receivable of approximately \$218,000 and \$423,000 at June 30, 2015 and 2014, respectively, are primarily from grantors. No allowance was deemed necessary as all amounts were collected subsequent to the years ended June 30, 2015 and 2014.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable of \$400,000 and \$200,000 at June 30, 2015 and 2014, represents unconditional promises to give from one donor. The contributions receivable were collected subsequent to June 30, 2015.

5. RESTRICTED INVESTMENTS - ENDOWMENT

During the year ended June 30, 2009, OYC received contributions from two donors to establish an endowment (NOTE 14). The endowment is invested in fixed income and mutual funds. During the year ended June 30, 2015, the investments depreciated in value by \$18,016 and during the year ended June 30, 2014, the investments appreciated in value by \$52,673.

Investments are presented in the financial statements at their fair market values and consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Fixed income:		
Autodesk Inc	\$ 80,343	\$ 80,838
Continental Res Inc Sr	68,460	-
Freeport Mcmoran Copper & Gold Inc	68,132	-
Walgreen Co	97,123	-
Bank Amer Corp Medium	-	100,029
Morgan Stanley Global	-	102,066
Mutual funds:		
Blackrock Equity Dividend Investor CI A	139,074	127,102
Fidelity Advisor Small Cap CI A	148,577	131,516
Victory Munder Mid Cap Core Growth CI A	146,167	129,140
	<u>\$ 747,876</u>	<u>\$ 670,691</u>

OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

6. FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (“FASB”) guidance related to fair value measurements and disclosures provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under this FASB guidance are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that OYC has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Items Measured at Fair Value on a Recurring Basis

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014.

Fixed income investments are valued at the closing price reported in the active market in which the individual securities are traded.

Mutual funds are valued at the closing price reported in the active market.

The carrying amount of all financial assets and liabilities approximates fair value because of their short term nature or market rates.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although OYC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

6. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables represent OYC's financial instruments measured at fair value on a recurring basis at June 30, 2015 and 2014 for each of the fair value hierarchy levels:

		Fair Value Measurements at June 30, 2015		
Description	6/30/2015	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Fixed income	\$ 314,058	\$ 314,058	\$ -	\$ -
Mutual funds	433,818	433,818	-	-
	\$ 747,876	\$ 747,876	\$ -	\$ -

		Fair Value Measurements at June 30, 2014		
Description	6/30/2014	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Fixed income	\$ 282,933	\$ 282,933	\$ -	\$ -
Mutual funds	387,758	387,758	-	-
	\$ 670,691	\$ 670,691	\$ -	\$ -

7. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at June 30:

	2015	2014
Automobiles	\$ 92,814	\$ 92,814
Computers and software	105,667	101,168
Furniture and fixtures	84,641	77,681
Leasehold improvements	134,219	124,669
	417,341	396,332
Less: accumulated depreciation and amortization	(257,054)	(231,991)
	\$ 160,287	\$ 164,341

Depreciation expense of approximately \$25,000 and \$24,000 was recorded for the years ended June 30, 2015 and 2014, respectively.

OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30:

	2015	2014
Payroll and vacation	\$ 97,781	\$ 75,371
Scholarships	76,521	60,304
Professional fees	19,000	18,000
Accounts payable and other	5,951	-
	\$ 199,253	\$ 153,675

9. NOTE PAYABLE

OYC entered into a five-year note payable on April 30, 2013 for the purchase of a vehicle. The note bears interest at a fixed rate of 7.1%. Monthly payments of principal and interest in the approximate amount of \$520 are due until the note matures in May 2018. The original note amount was \$26,277. Future payments under the note payable as of June 30, 2015 are as follows:

Years ending June 30,		
	2016	\$ 6,291
	2017	6,291
	2018	5,242
Total payments		17,824
Less amount representing interest		(1,732)
		\$ 16,092

Total interest expense related to the note was approximately \$1,400 and \$1,700 during the years ended June 30, 2015 and 2014, respectively.

10. PROPERTY LEASE

In 2000, OYC entered into a five-year lease agreement with the City of Miami for the use of property upon which facilities were constructed to provide public educational and recreational opportunities to inner-city youth and their families in the Overtown area. The lease stipulates that OYC pay the City of Miami an annual rent of one dollar, plus state sales and use tax, which shall be paid in advance and in full on the first day of each lease year. OYC had the option of extending the agreement for an additional five years and exercised this option as of June 30, 2006. In May 2011, the City of Miami extended the lease for an additional five years through November 2016.

11. SIGNIFICANT CONTRIBUTORS

OYC receives revenue from various sources, which help fund the operational activities of the center. For the years ended June 30, 2015 and 2014, OYC received a significant amount of support from eight and six contributors, respectively, which amounted to approximately \$1,300,000 and \$1,090,000, respectively. These amounts are included as part of contribution revenue in the accompanying Statements of Activities.

OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

12. LINE OF CREDIT

In April 2007, OYC entered into a one year, \$250,000 revolving line of credit with a third-party financial institution. This revolving line of credit is secured by OYC's assets and if drawn upon, the entire obligation shall be due and payable at the expiration date; however, until such demand, OYC shall make monthly payments on the outstanding balance due. The maturity date on the line of credit is March 2017. At June 30, 2015 and 2014, the amount available on the line of credit is \$250,000. There was no outstanding balance on the line of credit at June 30, 2015 and 2014. At June 30, 2015 and 2014, the interest rate on the line of credit was 4.25% and 6%, respectively.

13. PERMANENTLY RESTRICTED NET ASSETS

During the year ended June 30, 2009, OYC received monies from two donors classified as permanently restricted net assets as endowment donations. Such donations were to help OYC in perpetuity to carry out OYC's mission. One of the two donations in the amount of \$100,000 was part of a \$500,000 pledge over five years. However, the donor stipulated that the donation was conditional upon an annual review of OYC's performance as well as the performance of the endowment fund. In accordance with an accounting standard, conditional pledges cannot be recorded as revenue and only the revenue received in the period is allowed to be recognized. During the year ended June 30, 2014, OYC received the fifth and final annual installment of \$100,000 from the \$500,000 conditional pledge made by a donor during the year ended June 30, 2009.

As of June 30, 2015 and 2014, permanently restricted net assets amounted to \$620,000 and \$570,000, respectively.

14. ENDOWMENTS

OYC's endowment consists of individual funds established for a variety of purposes. Its endowment is comprised of donor-restricted funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). OYC has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, OYC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by OYC in a manner consistent with the standard of prudence prescribed by FUPMIFA.

OYC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund earnings:

- (1) The duration and preservation of the fund
- (2) The purposes of OYC and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of OYC
- (7) The investment policies of OYC

**OVERTOWN YOUTH CENTER, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

14. ENDOWMENTS (CONTINUED)

For the years ended June 30, 2015 and 2014, OYC has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

Summary of Endowment Net Assets at June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 133,370	\$ 620,000	\$ 753,370
Total endowment net assets	<u>\$ -</u>	<u>\$ 133,370</u>	<u>\$ 620,000</u>	<u>\$ 753,370</u>

Summary of Endowment Net Assets at June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 102,104	\$ 570,000	\$ 672,104
Total endowment net assets	<u>\$ -</u>	<u>\$ 102,104</u>	<u>\$ 570,000</u>	<u>\$ 672,104</u>

Changes in endowment net assets during the year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning	\$ -	\$ 102,104	\$ 570,000	\$ 672,104
Interest and dividends	-	49,282	-	49,282
Unrealized loss on investments	-	(18,016)	-	(18,016)
Contributions	-	-	50,000	50,000
Endowment net assets, ending	<u>\$ -</u>	<u>\$ 133,370</u>	<u>\$ 620,000</u>	<u>\$ 753,370</u>

Changes in endowment net assets during the year ended June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning	\$ -	\$ 23,761	\$ 570,000	\$ 593,761
Interest and dividends	-	25,670	-	25,670
Unrealized gains on investments	-	52,673	-	52,673
Endowment net assets, ending	<u>\$ -</u>	<u>\$ 102,104</u>	<u>\$ 570,000</u>	<u>\$ 672,104</u>

Summary of Endowment Assets at June 30:

Endowment assets as of June 30 are invested as follows:

	2015	2014
Restricted cash - endowment	\$ 5,494	\$ 1,413
Restricted investments	747,876	670,691
Total	<u>\$ 753,370</u>	<u>\$ 672,104</u>

Permanently Restricted Net Assets at June 30:

	2015	2014
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or law	<u>\$ 620,000</u>	<u>\$ 570,000</u>

OVERTOWN YOUTH CENTER, INC.
(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

14. ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, no deficiencies of this nature existed at June 30, 2015 and 2014.

Return Objectives and Risk Parameters

OYC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the OYC must hold in perpetuity or for a donor-specified period(s). OYC expects its endowment funds, over time, to provide a rate of return in excess of the original permanently restricted principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

OYC's endowment assets are invested in fixed income and mutual funds. OYC has adopted an investment policy designed to optimize returns without exposure to undue risk. The policy takes into consideration that fluctuating rates of return are characteristic of the securities market, therefore the greatest concern is long-term appreciation of the assets and consistency of total portfolio returns.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The principal amount cannot be expended; however, the earnings generated by the original donated principal are available to be expended. Management has executed an endowment policy whereby authorizing up to 5% of earnings be set aside for OYC's operational activities if deemed necessary. In establishing this policy, OYC considered the long-term expected return on its endowment. Accordingly, over the long term, OYC expects the current spending policy to allow its endowment to grow.

15. COMMITMENTS AND CONTINGENCIES

OYC participates in a number of federal, state and local grant assistance programs. Amounts received and expended under various federal, state and local programs are subject to audits by governmental agencies and/or other agencies to determine if activities undertaken by OYC comply with conditions of the grants. Management believes that no material liability will arise from any such audits.

INDEPENDENT AUDITOR'S 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

To the Board of Directors
Overtown Youth Center, Inc.
(An Affiliate of Mourning Family Foundation, Inc.)

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 Overtown Youth Center, Inc. (An Affiliate of Mourning Family Foundation, Inc.) ("OYC") (a nonprofit organization), which comprise the statement of financial position as of June 30, 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, and have issued our report thereon dated December 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OYC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OYC's internal control. Accordingly, we do not express an opinion on the effectiveness of OYC's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

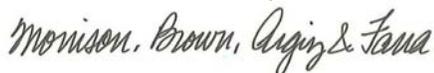
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OYC's financial statements are free from 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 or other matters that are 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 results of that testing, and not to provide an opinion on the effectiveness of OYC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OYC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Miami, Florida
December 17, 2015