

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

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FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015



**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, 2016 and 2015, 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, 2016 and 2015, 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 20, 2016 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 & Fana*

Miami, Florida  
December 20, 2016

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

STATEMENTS OF FINANCIAL POSITION  
JUNE 30,

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$ 920,791	\$ 492,274
Restricted cash - dinner program	120,159	74,190
Restricted cash - scholarships	32,931	44,868
Accounts receivable	502,447	218,429
Contributions receivable	60,000	400,000
Other assets	5,110	5,110
Investments	1,204,000	747,876
Property and equipment, net	183,063	160,287
TOTAL ASSETS	<b>\$ 3,028,501</b>	<b>\$ 2,143,034</b>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 275,886	\$ 199,253
Note payable	10,816	16,092
Deferred revenue	178,000	-
TOTAL LIABILITIES	464,702	215,345
NET ASSETS		
Unrestricted	1,589,206	1,055,261
Temporarily restricted	304,593	252,428
Permanently restricted	670,000	620,000
TOTAL NET ASSETS	2,563,799	1,927,689
TOTAL LIABILITIES AND NET ASSETS	<b>\$ 3,028,501</b>	<b>\$ 2,143,034</b>

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,

	<b>2016</b>	<b>2015</b>
<b>UNRESTRICTED NET ASSETS:</b>		
<b>SUPPORT AND REVENUE</b>		
Grants	\$ 1,289,064	\$ 863,675
Contributions	2,029,288	1,557,671
Special events	39,196	72,617
In-kind contributions	56,657	124,771
Investment loss, net	(1,181)	-
Net assets released from restrictions	230,968	285,402
<b>TOTAL UNRESTRICTED SUPPORT AND REVENUE</b>	<b>3,643,992</b>	<b>2,904,136</b>
<b>EXPENSES</b>		
Program services	2,634,498	2,339,860
Supporting services:		
Management and general	316,527	312,965
Fundraising	159,022	179,935
<b>TOTAL EXPENSES</b>	<b>3,110,047</b>	<b>2,832,760</b>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>533,945</b>	<b>71,376</b>
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions	285,000	265,000
Investment (loss) income, net	(1,867)	31,266
Net assets released from restrictions	(230,968)	(285,402)
<b>TOTAL TEMPORARILY RESTRICTED SUPPORT AND REVENUE</b>	<b>52,165</b>	<b>10,864</b>
<b>PERMANENTLY RESTRICTED NET ASSETS:</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions	50,000	50,000
<b>TOTAL PERMANENTLY RESTRICTED SUPPORT AND REVENUE</b>	<b>50,000</b>	<b>50,000</b>
<b>CHANGE IN NET ASSETS</b>	<b>636,110</b>	<b>132,240</b>
<b>NET ASSETS, beginning of year</b>	<b>1,927,689</b>	<b>1,795,449</b>
<b>NET ASSETS, end of year</b>	<b>\$ 2,563,799</b>	<b>\$ 1,927,689</b>

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, 2016

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
	<b>Programs</b>	<b>Management and General</b>	<b>Fundraising</b>	
Payroll and related expenses	\$ 1,457,115	\$ 234,737	\$ 104,408	\$ 1,796,260
Occupancy	175,158	-	-	175,158
Rental and maintenance	37,959	8,957	471	47,387
Supplies	101,115	11,249	1,329	113,693
Telephone	11,875	9,061	-	20,936
Travel	35,439	7,390	-	42,829
Postage and shipping	-	1,782	645	2,427
Printing and publications	-	1,468	272	1,740
Insurance	47,165	15,104	-	62,269
Licenses and permits	5,574	1,394	-	6,968
Professional fees	56,065	3,800	-	59,865
Field trips	86,393	-	-	86,393
Student services	466,258	-	-	466,258
Scholarships	34,738	-	-	34,738
Special events	-	-	40,049	40,049
In-kind	56,657	-	-	56,657
Penalties and fees	-	4,637	-	4,637
Depreciation and amortization	24,673	-	-	24,673
Equipment rental	14,892	-	-	14,892
Miscellaneous	23,422	16,948	11,848	52,218
<b>TOTAL EXPENSES</b>	<b>\$ 2,634,498</b>	<b>\$ 316,527</b>	<b>\$ 159,022</b>	<b>\$ 3,110,047</b>

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

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
	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
Equipment rental	11,210	-	-	11,210
Miscellaneous	27,958	15,762	22,756	66,476
<b>TOTAL EXPENSES</b>	<b>\$ 2,339,860</b>	<b>\$ 312,965</b>	<b>\$ 179,935</b>	<b>\$ 2,832,760</b>

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



**OVERTOWN YOUTH CENTER, INC.**  
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STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30,

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 636,110	\$ 132,240
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	24,673	25,063
Permanently restricted gifts	(50,000)	(50,000)
Unrealized loss on investments	69,760	18,016
Changes in operating assets and liabilities:		
(Increase) decrease in restricted cash	(34,032)	15,342
(Increase) decrease in accounts receivable	(284,018)	204,904
Decrease (increase) in contributions receivable	340,000	(200,000)
Increase in accounts payable and accrued expenses	76,633	45,578
Increase in deferred revenue	178,000	-
<b>TOTAL ADJUSTMENTS</b>	<b>321,016</b>	<b>58,903</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>957,126</b>	<b>191,143</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(47,449)	(21,009)
Purchase of investments, net	(525,884)	(95,201)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(573,333)</b>	<b>(116,210)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on note payable	(5,276)	(4,926)
Permanently restricted gifts	50,000	50,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>44,724</b>	<b>45,074</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>428,517</b>	<b>120,007</b>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	494,532	374,525
CASH AND CASH EQUIVALENTS, END OF YEAR	<b>\$ 923,049</b>	<b>\$ 494,532</b>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:</b>		
In-kind contributions	<b>\$ 56,657</b>	<b>\$ 124,771</b>
Interest expense	<b>\$ 1,014</b>	<b>\$ 1,365</b>

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

**OVERTOWN YOUTH CENTER, INC.  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**1. NATURE OF ACTIVITIES**

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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. 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**

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**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.

**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.

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.

**OVERTOWN YOUTH CENTER, INC.**  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**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. OYC is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2013.

**Cash and Cash Equivalents**

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

**Restricted Cash**

Restricted cash consists of amounts received in connection with the endowment and other programs. 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, 2016 and 2015.

**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, 2016 and 2015.

**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.

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 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.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**Property and Equipment, Net (Continued)**

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.

**Reclassifications**

Certain items in the June 30, 2015 financial statements have been reclassified to conform to the June 30, 2016 presentation.

**Recent Accounting Pronouncements**

Lease accounting

In February 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Accounting by lessors remains largely unchanged from current U.S. GAAP. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. OYC is currently evaluating the effect the update will have on its financial statements.

**OVERTOWN YOUTH CENTER, INC.**  
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NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016 AND 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements (Continued)**

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued an accounting standard update which aims to improve information provided to creditors, donors, grantors, and others while also reducing complexity and costs. The update is the first phase of a project regarding not-for-profits which aims to improve and simplify net asset classification requirements and improve the information presented and disclosed in financial statements about liquidity, cash flows, and financial performance. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with earlier application permitted. OYC is currently evaluating the effect the update will have on its financial statements.

**Subsequent Events**

OYC has evaluated subsequent events through December 20, 2016 which is the date the financial statements were available to be issued.

**3. ACCOUNTS RECEIVABLE**

Accounts receivable of approximately \$502,000 and \$218,000 at June 30, 2016 and 2015, respectively, are primarily from grantors. No allowance was deemed necessary as all amounts were collected subsequent to the years ended June 30, 2016 and 2015.

**4. CONTRIBUTIONS RECEIVABLE**

Contributions receivable of \$60,000 and \$400,000 at June 30, 2016 and 2015, respectively, represents unconditional promises to give from one donor at each of the years then ended. The contributions receivable at June 30, 2016 is from MFF and remains outstanding as of the date these financial statements were available to be issued. The contributions receivable at June 30, 2015 were collected during the year ended June 30, 2016.

**5. INVESTMENTS**

For the years ended June 30, 2016 and 2015, the investments were related to unrestricted net assets and an endowment (NOTE 15). OYC received contributions from two donors to establish the endowment during the year ended June 30, 2009. The endowment is invested in fixed income securities and mutual funds. During the years ended June 30, 2016 and 2015, the investments depreciated in value by \$69,760 and \$18,016, respectively. Investments are presented in the financial statements at their fair market values and consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Fixed income:		
AT&T Inc	\$ 102,407	\$ -
Monsanto Co	102,733	-
Autodesk Inc	-	80,343
Continental Res Inc Sr	65,438	68,460
Freeport Mcomoran Copper & Gold Inc	65,625	68,132
Walgreen Co	-	97,123
Bank America Corp	101,931	-
Mutual funds:		
Blackrock Equity Dividend Investor CI A	199,783	139,074
Fidelity Advisor Small Cap CI A	189,058	148,577
Janus Enterprise CI A	191,036	-
Oppenheimer Intl Small - Mid Company CI A	185,989	-
Victory Munder Mid Cap Core Growth CI A	-	146,167
	<u>\$ 1,204,000</u>	<u>\$ 747,876</u>

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**5. INVESTMENTS (CONTINUED)**

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Investment (loss) income, net, is reflected within unrestricted and temporarily restricted support and revenue on the Statements of Activities for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Interest, dividends and realized income	\$ 66,712	\$ 49,282
Unrealized income	(69,760)	(18,016)
	<u>\$ (3,048)</u>	<u>\$ 31,266</u>

**6. FAIR VALUE MEASUREMENTS**

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The 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.

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, 2016 and 2015.

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.**  
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NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016 AND 2015

**6. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following tables represent OYC's financial instruments measured at fair value on a recurring basis at June 30, 2016 and 2015 for each of the fair value hierarchy levels:

		<b>Fair Value Measurements at June 30, 2016</b>		
<b>Description</b>	<b>6/30/2016</b>	<b>Quoted Prices</b>		
		<b>In Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Other Unobservable Inputs (Level 3)</b>
Assets:				
Fixed income	\$ 438,134	\$ 438,134	\$ -	\$ -
Mutual funds	765,866	765,866	-	-
	<b>\$ 1,204,000</b>	<b>\$ 1,204,000</b>	<b>\$ -</b>	<b>\$ -</b>

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

**7. PROPERTY AND EQUIPMENT, NET**

Property and equipment consists of the following at June 30:

	<b>2016</b>	<b>2015</b>
Automobiles	\$ 92,814	\$ 92,814
Computers and software	120,541	105,667
Furniture and fixtures	98,918	84,641
Leasehold improvements	152,519	134,219
	464,792	417,341
Less: accumulated depreciation and amortization	(281,729)	(257,054)
	<b>\$ 183,063</b>	<b>\$ 160,287</b>

Depreciation and amortization expense of approximately \$25,000 was recorded for each of the years ended June 30, 2016 and 2015, respectively.

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

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

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

	<b>2016</b>	<b>2015</b>
Payroll and vacation	\$ 125,059	\$ 97,781
Scholarships	113,705	76,521
Professional fees	19,000	19,000
Accounts payable and other	18,122	5,951
	<b>\$ 275,886</b>	<b>\$ 199,253</b>

**9. NOTE PAYABLE**

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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, 2016 are as follows:

Years ending June 30,

	2017		\$ 6,291
	2018		5,411
			11,702
Total payments			(886)
Less amount representing interest			<b>\$ 10,816</b>

Total interest expense related to the note was approximately \$1,000 and \$1,400 during the years ended June 30, 2016 and 2015, respectively.

**10. PROPERTY LEASE**

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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 exercised several options to extend the agreement until February 2036.

**11. SIGNIFICANT CONTRIBUTORS**

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OYC receives revenue from various sources, which help fund the operational activities of the center. For the years ended June 30, 2016 and 2015, OYC received a significant amount of support from four and eight contributors, respectively, which amounted to approximately \$803,000 and \$1,300,000, respectively. These amounts are included as part of contribution revenue in the accompanying Statements of Activities.

**12. LINE OF CREDIT**

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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 renewable annually and 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, 2016 and 2015, the amount available on the line of credit is \$250,000. There was no outstanding balance on the line of credit at June 30, 2016 and 2015. At June 30, 2016 and 2015, the variable interest rate on the line of credit was 4.50% and 4.25%, respectively. There was no interest expense for the years ended June 30, 2016 and 2015.



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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**13. TEMPORARILY RESTRICTED NET ASSETS**

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As of June 30, 2016 and 2015, temporarily restricted net assets was comprised of:

	<u>2016</u>	<u>2015</u>
Dinner Program	\$ 120,159	\$ 74,190
Scholarship Program	32,931	44,868
Endowment-related earnings	131,503	133,370
Other	20,000	-
	<u>\$ 304,593</u>	<u>\$ 252,428</u>

The dinner program is designed to ensure that children and adolescents are provided with meals during after-school hours. The scholarship program is designed to help young adults pay for incidental costs and fees to attend higher level educational institutions.

**14. PERMANENTLY RESTRICTED NET ASSETS**

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During the year ended June 30, 2009, OYC received contributions 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. Up to 5% of the endowment earnings are used for normal operations and are therefore classified as unrestricted earnings. For each of the years ended June 30, 2016 and 2015, OYC received contributions to the endowment of \$50,000.

As of June 30, 2016 and 2015, permanently restricted net assets amounted to \$670,000 and \$620,000, respectively.

**15. ENDOWMENTS**

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

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016 AND 2015

**15. ENDOWMENTS (CONTINUED)**

For the years ended June 30, 2016 and 2015, 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, 2016:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 131,503	\$ 670,000	\$ 801,503
Total endowment net assets	<u>\$ -</u>	<u>\$ 131,503</u>	<u>\$ 670,000</u>	<u>\$ 801,503</u>

**Summary of Endowment Net Assets at June 30, 2015:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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>

**Changes in endowment net assets during the year ended June 30, 2016:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning	\$ -	\$ 133,370	\$ 620,000	\$ 753,370
Interest and dividends	-	40,876	-	40,876
Investment loss, net	-	(42,743)	-	(42,743)
Contributions	-	-	50,000	50,000
<b>Endowment net assets, ending</b>	<u>\$ -</u>	<u>\$ 131,503</u>	<u>\$ 670,000</u>	<u>\$ 801,503</u>

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

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

**Summary of Endowment Assets at June 30:**

Endowment assets as of June 30 are invested as follows:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ -	\$ 5,494
Investments	801,503	747,876
<b>Total</b>	<u>\$ 801,503</u>	<u>\$ 753,370</u>

**Permanently Restricted Net Assets at June 30:**

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or law

	<u>2016</u>	<u>2015</u>
	<u>\$ 670,000</u>	<u>\$ 620,000</u>

**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 OYC to retain as a fund of perpetual duration. In accordance with U.S. GAAP, no deficiencies of this nature existed at June 30, 2016 and 2015.

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

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**15. ENDOWMENTS (CONTINUED)**

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**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.

**16. COMMITMENTS AND CONTINGENCIES**

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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**

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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, 2016, 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 20, 2016.

**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.

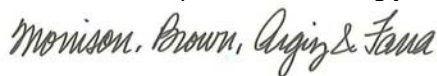
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 20, 2016