

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

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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, 2019 and 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 OYC as of June 30, 2019 and 2018, 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*, we have also issued our report dated November 27, 2019 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, Aigiz & Fana

Miami, Florida
November 27, 2019

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

STATEMENTS OF FINANCIAL POSITION
 JUNE 30,

ASSETS	2019	2018
Cash and cash equivalents	\$ 1,567,476	\$ 1,709,250
Restricted cash - dinner program	246,590	222,621
Restricted cash - scholarships	35,722	27,341
Accounts receivable	288,852	170,350
Contributions receivable	20,160	-
Other assets	31,069	5,110
Investments	2,532,458	1,880,212
Property and equipment, net	85,625	179,667
TOTAL ASSETS	\$ 4,807,952	\$ 4,194,551
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 386,481	\$ 400,154
Deferred revenue	-	178,000
TOTAL LIABILITIES	386,481	578,154
NET ASSETS		
Without donor restrictions	2,846,626	2,155,464
With donor restrictions	1,574,845	1,460,933
TOTAL NET ASSETS	4,421,471	3,616,397
TOTAL LIABILITIES AND NET ASSETS	\$ 4,807,952	\$ 4,194,551

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,

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE		
Grants	\$ 1,816,971	\$ 1,062,000
Contributions and other revenue	2,135,860	2,397,909
Special events	31,500	50,225
In-kind contributions	148,456	183,235
Investment income, net	91,520	40,131
Net assets released from restrictions	177,304	235,351
TOTAL SUPPORT AND REVENUE	4,401,611	3,968,851
EXPENSES		
Program services	3,189,251	3,124,063
Supporting services:		
Management and general	362,794	376,650
Fundraising	158,404	156,271
TOTAL EXPENSES	3,710,449	3,656,984
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	691,162	311,867
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	229,814	616,920
Investment income, net	61,402	38,105
Net assets released from restrictions	(177,304)	(235,351)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	113,912	419,674
INCREASE IN NET ASSETS	805,074	731,541
NET ASSETS, BEGINNING OF YEAR	3,616,397	2,884,856
NET ASSETS, END OF YEAR	\$ 4,421,471	\$ 3,616,397

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, 2019

	Program Services	Supporting Services		Total
	Programs	Management and General	Fundraising	
Payroll and related expenses	\$ 1,835,528	\$ 285,125	\$ 118,967	\$ 2,239,620
Occupancy	166,532	-	-	166,532
Information and technology	37,498	8,906	469	46,873
Supplies	107,214	4,395	-	111,609
Telephone	14,176	9,442	-	23,618
Travel	23,239	6,599	-	29,838
Postage and shipping	345	3,182	-	3,527
Printing and publications	-	-	4,058	4,058
Insurance	59,232	17,601	-	76,833
Professional fees	32,450	3,800	-	36,250
Field trips	61,901	-	-	61,901
Student services	517,706	-	-	517,706
Special events and community events	19,267	-	28,900	48,167
In-kind	148,456	-	-	148,456
Depreciation and amortization	95,922	-	-	95,922
Equipment rental	27,095	-	-	27,095
Subscriptions	5,354	1,785	-	7,139
Marketing	3,471	-	5,207	8,678
Other	33,865	21,959	803	56,627
TOTAL EXPENSES	\$ 3,189,251	\$ 362,794	\$ 158,404	\$ 3,710,449

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, 2018

	Program Services	Supporting Services		Total
	Programs	Management and General	Fundraising	
Payroll and related expenses	\$ 1,808,553	\$ 299,651	\$ 109,062	\$ 2,217,266
Occupancy	124,261	-	-	124,261
Information and technology	33,121	7,866	414	41,401
Supplies	111,280	6,946	-	118,226
Telephone	12,884	10,184	-	23,068
Travel	22,579	5,464	-	28,043
Postage and shipping	937	2,731	-	3,668
Printing and publications	100	-	4,930	5,030
Insurance	59,681	18,822	-	78,503
Professional fees	30,200	3,800	-	34,000
Field trips	67,593	-	-	67,593
Student services	542,626	-	-	542,626
Special events and community events	22,306	-	33,459	55,765
In-kind	183,235	-	-	183,235
Depreciation and amortization	32,102	-	-	32,102
Equipment rental	28,736	-	-	28,736
Subscriptions	3,850	1,283	-	5,133
Marketing	5,331	-	7,997	13,328
Other	34,688	19,903	409	55,000
TOTAL EXPENSES	\$ 3,124,063	\$ 376,650	\$ 156,271	\$ 3,656,984

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,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 805,074	\$ 731,541
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	95,922	32,102
Inherent contribution	(8,908)	-
Donor restricted contributions for capital campaign	-	(291,920)
Unrealized gain on investments	(15,598)	(32,429)
Changes in assets and liabilities:		
(Increase) in restricted cash	(32,350)	(89,778)
(Increase) decrease in accounts receivable	(118,502)	101,220
(Increase) in contributions receivable	(20,160)	-
(Increase) in other assets	(25,959)	-
(Decrease) in deferred revenue	(178,000)	-
(Decrease) in accounts payable and accrued expenses	(13,673)	(1,758)
TOTAL ADJUSTMENTS	(317,228)	(282,563)
NET CASH PROVIDED BY OPERATING ACTIVITIES	487,846	448,978
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,880)	(52,449)
Cash received through inherent contribution	8,908	-
Purchase of investments, net	(636,648)	(362,000)
NET CASH USED IN INVESTING ACTIVITIES	(629,620)	(414,449)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	-	(5,141)
Collections from capital campaign	-	291,920
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	286,779
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(141,774)	321,308
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,709,250	1,387,942
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,567,476	\$ 1,709,250
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest expense	\$ -	\$ 192
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITY:		
In-kind contributions	\$ 148,456	\$ 183,235

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, 2019 AND 2018

1. NATURE OF ACTIVITIES

The Overtown Youth Center, Inc. (An Affiliate of Mourning Family Foundation, Inc.) ("OYC") is a non-profit charitable organization established and incorporated in the State of Florida in February 2001, as a 501(c)(3) organization. As of July 1, 2009, Mourning Family Foundation, Inc. became the sole member of OYC. 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.

In February 2019, OYC received distribution proceeds from an unrelated non-profit charitable organization, Neat Stuff, Inc. ("Neat Stuff"). Neat Stuff legally dissolved in February 2019 and transferred control of its program activities to OYC. In addition, approximately \$9,000 of cash was contributed to OYC as a result of the dissolution. Neat Stuff's mission is to provide free new clothing and school uniforms to at risk children. They operate a store in Miami, Florida which OYC took over. OYC registered a fictitious name in the state of Florida in order to operate the store under the name "Neat Stuff."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of OYC are prepared on the accrual basis of accounting.

Financial Statement Presentation

Net assets, revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. Two classes of net asset categories are as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of OYC's management and the board of trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of OYC or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

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.

Grants and contracts receivable credit risk is limited due to the nature of the grants and contracts. OYC regularly monitors its grants and contracts receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. OYC considers all grants and contracts as collectible.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2016.

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 certain programs. Cash received from donors restricted as to purpose or time is considered restricted cash.

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, 2019 and 2018.

Inventory

Inventory consists of uniforms and school supplies purchased by OYC. Inventory is donated to the children and families that OYC serves. Inventory is stated at the lower of cost (first-in, first-out basis) or net realizable value. As of June 30, 2019, OYC has \$10,935 of inventory included within "Other assets" in the accompanying Statements of Financial Position. Prior to fiscal year 2019, OYC did not have any inventory.

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 net assets without donor restrictions unless income or loss is restricted by donor or law.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Depreciation and amortization 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

Deferred Revenue

OYC recorded deferred revenue of \$178,000 in fiscal year 2018 for monies received in advance from a donor that relate to a program to be carried out during the year ended June 30, 2019. There was no deferred revenue as of June 30, 2019.

Support and Revenue

Contributions received are considered to be with or without donor restrictions depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for the general programs of OYC 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 net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, OYC reports the support as net assets without donor restrictions.

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, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adopted Accounting Pronouncement

Presentation of Financial Statements of Not-for-Profit Entities

During the year ended June 30, 2019, OYC adopted Accounting Standards Update 2016-14, Not for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update amends the current reporting model for not-for-profit organizations and enhances their required disclosures. The major changes include, but are not limited to: (a) requiring the presentation of two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions,” (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations on gifts used to acquire or construct long-lived assets absent explicit donor restrictions otherwise, (d) requiring the presentation of an analysis of expenses by function and nature, (e) requiring the disclosure of information regarding liquidity and availability of resources, and (f) presenting investment return net of external and direct internal investment expenses. In addition, the update removes the requirement that Statements of Cash Flows using the direct method also present a reconciliation consistent with the indirect method. OYC has applied the update retrospectively to all periods presented and adjusted the presentation of these financial statements accordingly. As a result, OYC has reclassified amounts formerly classified as unrestricted net assets to net assets without donor restrictions, as well as, temporarily restricted and permanently restricted net assets to net assets with donor restrictions. The adoption of this update has no other material effect on OYC’s financial position and changes in net assets. In addition, OYC has elected to continue to present the Statements of Cash Flows using the indirect method and has included separate Statements of Functional Expenses in its financial statements.

Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. OYC is currently evaluating the effect the update will have on its financial statements.

Lease Accounting

In February 2016, the 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. Also, the FASB has issued amendments to the update with practical expedients related to land easements and lessor accounting. OYC does not anticipate the update having a material effect on its results of operations or cash flows, though such an effect is possible. OYC is currently evaluating the effect the update will have on its financial statements.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

Lease Accounting (Continued)

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, OYC's presentation of comparative periods in the financial statements will continue to be in accordance with current lease accounting. OYC is evaluating the method of adoption it will elect. The update is effective for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. The effective dates have been tentatively extended to fiscal years beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021.

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued an accounting standard update to reduce diversity in practice on eight specific statement of cash flows issues. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. OYC is currently evaluating the effect the update will have on its financial statements.

Restricted Cash

In November 2016, the FASB issued an accounting standard update which amends cash flow statement presentation of restricted cash. The update requires amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The update is effective retrospectively for fiscal years beginning after December 15, 2018, with early adoption permitted. OYC is currently evaluating the effect the update will have on its financial statements.

Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued an accounting standard update in an effort to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The FASB believes the update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of not-for-profit guidance, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional or not. The update is effective on a modified prospective basis for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019, with early adoption permitted. OYC is currently evaluating the potential accounting, transition, and disclosure effects the update will have on its financial statements.

Reclassifications

Certain items in the 2018 financial statements have been reclassified to conform to the 2019 presentation.

Subsequent Events

OYC has evaluated subsequent events through November 27, 2019, which is the date the financial statements were available to be issued.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

OYC maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In managing its liquidity needs, OYC monitors and maintains a cash float to cover general operating expenditures and operates on a strict budget.

The summary below reflects OYC's financial assets available within one year as of June 30, 2019, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions.

Cash and cash equivalents	\$ 1,567,476
Restricted cash - dinner program	246,590
Restricted cash - scholarships	35,722
Accounts receivable	288,852
Contributions receivable	20,160
Investments	<u>2,532,458</u>
Total financial assets	<u>4,691,258</u>
Less amounts not available to be used within one year:	
Restricted by donors for specific programs	302,472
Restricted for capital project	291,920
Perpetual endowment	670,000
Accumulated earnings on endowment	<u>310,453</u>
Total financial assets not available to be used within one year	<u>1,574,845</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,116,413</u>

4. RELATED PARTIES

OYC shares common charitable goals and jointly coordinates a number of charitable programs with Mourning Family Foundation, Inc. ("MFF") and Honey Shine, Inc. ("HS"), both Florida non-profit organizations exempt from Federal income tax as a 501(c)(3).

As of June 30, 2019, and 2018, there is approximately \$91,000 and \$89,000, respectively, due from MFF, included within "Accounts receivable" in the accompanying Statements of Financial Position. These balances generally consist of grant funding. In addition, there was approximately \$20,000 due from MFF included within "Contributions receivable" as of June 30, 2019, which was collected subsequent to year end.

OYC received approximately \$354,000 and \$389,000 of support and revenue from MFF during the years ended June 30, 2019 and 2018, respectively.

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018

5. ACCOUNTS RECEIVABLE

Accounts receivable of approximately \$289,000 and \$170,000 at June 30, 2019 and 2018, respectively, are primarily from grantors and a pass-through grant from MFF. No allowance was deemed necessary as all amounts were collected subsequent to the years ended June 30, 2019 and 2018.

6. INVESTMENTS

For the years ended June 30, 2019 and 2018, OYC's investments consist of net assets without donor restrictions and net assets with donor restrictions. Investments are presented in the financial statements at their fair market values and consist of the following at June 30,:

	2019	2018
Cash equivalents	\$ 29,429	\$ 702
Fixed income	1,222,347	187,089
Mutual funds	1,280,682	1,692,421
	\$ 2,532,458	\$ 1,880,212

The following schedule summarizes the investment return and its classification in the Statements of Activities.

	Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Net unrealized gains	\$ 9,307	\$ 6,291	\$ 15,598
Interest, dividends and realized income	82,213	55,111	137,324
Total investment return	\$ 91,520	\$ 61,402	\$ 152,922
	Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Net unrealized gains	\$ 16,565	\$ 15,864	\$ 32,429
Interest, dividends and realized income	23,566	22,241	45,807
Total investment return	\$ 40,131	\$ 38,105	\$ 78,236

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

7. FAIR VALUE MEASUREMENTS

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, 2019 and 2018.

Cash equivalents are valued at cost which approximates fair value.

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 in which the individual securities are traded.

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.

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(AN AFFILIATE OF MOURNING FAMILY FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018

7. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables represent OYC's financial instruments measured at fair value on a recurring basis at June 30, 2019 and 2018 for each of the fair value hierarchy levels:

<u>Description</u>	<u>Fair Value</u> <u>6/30/2019</u>	<u>Fair Value Measurement at Reporting Date Using:</u>		
		<u>Quoted Prices</u> <u>In Active</u> <u>Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant Other</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Assets:				
Cash equivalents	\$ 29,429	\$ 29,429	\$ -	\$ -
Fixed income	1,222,347	1,222,347	-	-
Mutual funds	1,280,682	1,280,682	-	-
	<u>\$ 2,532,458</u>	<u>\$ 2,532,458</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Description</u>	<u>Fair Value</u> <u>6/30/2018</u>	<u>Fair Value Measurement at Reporting Date Using:</u>		
		<u>Quoted Prices</u> <u>In Active</u> <u>Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant Other</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Assets:				
Cash equivalents	\$ 702	\$ 702	\$ -	\$ -
Fixed income	187,089	187,089	-	-
Mutual funds	1,692,421	1,692,421	-	-
	<u>\$ 1,880,212</u>	<u>\$ 1,880,212</u>	<u>\$ -</u>	<u>\$ -</u>

8. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following at June 30,:

	<u>2019</u>	<u>2018</u>
Automobiles	\$ 127,814	\$ 127,814
Computers and software	140,496	138,616
Furniture and fixtures	104,318	104,318
Leasehold improvements	152,519	152,519
	<u>525,147</u>	<u>523,267</u>
Less: accumulated depreciation and amortization	<u>(439,522)</u>	<u>(343,600)</u>
	<u>\$ 85,625</u>	<u>\$ 179,667</u>

During fiscal year 2018, OYC, along with MFF, began the preliminary phase of a capital campaign to renovate the OYC facilities. In accordance with U.S. GAAP, the remaining useful life of certain OYC property and equipment was reduced to reflect the estimated remaining useful life of the assets until they will be disposed of. The property and equipment for which the remaining useful life was shortened had a net book value of approximately \$107,000.

Depreciation and amortization expense was approximately \$96,000 and \$32,000 for the years ended June 30, 2019 and 2018, respectively.

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NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	2019	2018
Payroll and vacation	\$ 217,801	\$ 213,558
Scholarships	133,298	150,036
Professional fees	19,000	19,000
Accounts payable and other	16,382	17,560
	\$ 386,481	\$ 400,154

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. OYC has exercised several options to extend the agreement until February 2036. 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.

11. SIGNIFICANT GRANTORS AND CONTRIBUTORS

OYC receives revenue from various sources, which help fund the operational activities of the center. For the years ended June 30, 2019 and 2018, OYC received a significant amount of support from one contributor, which amounted to approximately \$255,000 and \$356,000, respectively. The amounts are included within contributions and other revenue, special events and in-kind contributions in the accompanying Statements of Activities. OYC also received a significant amount of grant funding from four grantors, which amounted to approximately \$1,600,000 and \$1,200,000, respectively, during the years ended June 30, 2019 and 2018. The amounts are included as part of grants in the accompanying Statements of Activities.

12. NET ASSETS

Net assets without donor restrictions are used to support the operating activities of OYC. The major program activities are described in NOTE 1.

Net assets with donor restrictions consist of the following at June 30,:

	2019	2018
Restricted by donors with specific purpose/time restrictions:		
Dinner program	\$ 246,590	\$ 222,621
Scholarship program	55,882	27,341
Perpetual endowment	670,000	670,000
Endowment-related earnings	310,453	249,051
Reserve for capital project	291,920	291,920
	\$ 1,574,845	\$ 1,460,933

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. Unappropriated earnings from the endowment are recorded as net assets with donor restrictions until they are appropriated. Funds collected for the capital campaign are restricted until the purpose restrictions from the donor are met.

During the year ended June 30, 2009, OYC received contributions to establish an endowment. The endowment was established to help OYC in perpetuity to carry out its mission. Up to 5% of the endowment earnings can be appropriated for expenditure.

OVERTOWN YOUTH CENTER, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

12. NET ASSETS (CONTINUED)

Increases in and releases from restrictions are summarized below for the years ended June 30,:

	<u>2019</u>	<u>2018</u>
Dinner program	\$ 200,654	\$ 305,000
Scholarship program	29,160	20,000
Endowment-related earnings	61,402	38,105
Reserve for capital project	-	291,920
Total additions	<u>\$ 291,216</u>	<u>\$ 655,025</u>
Program restriction accomplished - dinner	\$ (176,685)	\$ (229,429)
Program restriction accomplished - scholarships	(619)	(5,922)
Total releases from restrictions	<u>\$ (177,304)</u>	<u>\$ (235,351)</u>

13. ENDOWMENT

OYC's endowment consists of individual funds established for a variety of purposes and 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 net assets with donor restrictions (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 not held in perpetuity is classified as net assets with donor restrictions 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

For the years ended June 30, 2019 and 2018, OYC has elected not to add appreciation for cost of living or other spending policies to its donor-restricted endowment for inflation and other economic conditions.

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018

13. ENDOWMENT (CONTINUED)

Summary of Endowment Net Assets at June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 980,453	\$ 980,453
Total endowment net assets	<u>\$ -</u>	<u>\$ 980,453</u>	<u>\$ 980,453</u>

Summary of Endowment Net Assets at June 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 919,051	\$ 919,051
Total endowment net assets	<u>\$ -</u>	<u>\$ 919,051</u>	<u>\$ 919,051</u>

Changes in endowment net assets during the year ended June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning	\$ -	\$ 919,051	\$ 919,051
Interest, dividends and realized income	-	55,111	55,111
Unrealized gains	-	6,291	6,291
Endowment net assets, ending	<u>\$ -</u>	<u>\$ 980,453</u>	<u>\$ 980,453</u>

Changes in endowment net assets during the year ended June 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning	\$ -	\$ 880,946	\$ 880,946
Interest, dividends and realized income	-	22,241	22,241
Unrealized gains	-	15,864	15,864
Endowment net assets, ending	<u>\$ -</u>	<u>\$ 919,051</u>	<u>\$ 919,051</u>

Summary of Endowment Assets at June 30,:

Endowment assets as of June 30 are invested as follows:

	<u>2019</u>	<u>2018</u>
Investments	\$ 980,453	\$ 919,051
Total	<u>\$ 980,453</u>	<u>\$ 919,051</u>

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

13. ENDOWMENT (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 OYC to retain as a fund of perpetual duration, which was \$670,000 for the years ended June 30, 2019 and 2018. In accordance with U.S. GAAP, no deficiencies of this nature existed at June 30, 2019 and 2018.

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 donor-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 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.

14. 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.

In February 2019, OYC assumed an operating lease agreement previously held by Neat Stuff (NOTE 1) for store space. The lease expires in May 2022. Rent expense related to this lease during the year ended June 30, 2019 was approximately \$14,000. Prior to assuming the lease, OYC made lease payments on behalf of Neat Stuff of approximately \$24,000 to support their operations.

The approximate future minimum lease payments are as follows for the years ending June 30,:

2020	\$	46,000
2021		47,000
2022		45,000
Total	\$	138,000

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 Statements of Financial Position as of June 30, 2019, 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 November 27, 2019.

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
November 27, 2019