

JUST IN TIME FOR FOSTER YOUTH

FINANCIAL STATEMENTS

JUNE 30, 2016



Leaf & Cole, LLP
Certified Public Accountants

**JUST IN TIME FOR FOSTER YOUTH
FINANCIAL STATEMENTS
JUNE 30, 2016**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Just in Time for Foster Youth

Report on the Financial Statements

We have audited the accompanying financial statements of Just in Time for Foster Youth, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 Just in Time for Foster Youth as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Just in Time for Foster Youth's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leaf & Cole LLP

San Diego, California
October 27, 2016

**JUST IN TIME FOR FOSTER YOUTH
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

ASSETS		
	<u>2016</u>	<u>2015</u>
<u>Assets:</u> (Notes 1, 2, 3, 4 and 5)		
Cash and cash equivalents	\$ 327,398	\$ 532,101
Investments	4,928	5,000
Contributions receivable	129,691	87,134
Prepaid expenses and other assets	12,473	10,951
Furniture and equipment, net	<u>4,898</u>	<u>6,123</u>
TOTAL ASSETS	\$ <u>479,388</u>	\$ <u>641,309</u>
LIABILITIES AND NET ASSETS		
<u>Liabilities:</u> (Note 1)		
Accounts payable and accrued expenses	\$ 23,333	\$ 28,815
Accrued payroll and related liabilities	<u>41,556</u>	<u>27,682</u>
Total Liabilities	<u>64,889</u>	<u>56,497</u>
<u>Commitments</u> (Notes 6 and 8)		
<u>Net Assets:</u> (Notes 1 and 7)		
Unrestricted	302,100	301,590
Temporarily restricted	<u>112,399</u>	<u>283,222</u>
Total Net Assets	<u>414,499</u>	<u>584,812</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>479,388</u>	\$ <u>641,309</u>

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

**JUST IN TIME FOR FOSTER YOUTH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
<u>Revenue and Support:</u>				
Contributions	\$ 1,269,321	\$ 338,725	\$ 1,608,046	\$ 1,219,259
Investment income	159		159	446
Net assets released from restrictions	509,548	(509,548)	-	-
Revenue and Support Before Special Events	<u>1,779,028</u>	<u>(170,823)</u>	<u>1,608,205</u>	<u>1,219,705</u>
Special Events:				
Revenue	393,135	-	393,135	418,513
Less: Costs	<u>(112,733)</u>	<u>-</u>	<u>(112,733)</u>	<u>(97,014)</u>
Total Special Events, Net	<u>280,402</u>	<u>-</u>	<u>280,402</u>	<u>321,499</u>
Total Revenue and Support	<u>2,059,430</u>	<u>(170,823)</u>	<u>1,888,607</u>	<u>1,541,204</u>
<u>Expenses:</u>				
Program Services	<u>1,531,170</u>	<u>-</u>	<u>1,531,170</u>	<u>937,698</u>
Supporting Services:				
Fundraising	364,214	-	364,214	326,461
General and administrative	<u>163,536</u>	<u>-</u>	<u>163,536</u>	<u>117,202</u>
Total Supporting Services	<u>527,750</u>	<u>-</u>	<u>527,750</u>	<u>443,663</u>
Total Expenses	<u>2,058,920</u>	<u>-</u>	<u>2,058,920</u>	<u>1,381,361</u>
Change in Net Assets	510	(170,823)	(170,313)	159,843
Net Assets at Beginning of Year	<u>301,590</u>	<u>283,222</u>	<u>584,812</u>	<u>424,969</u>
NET ASSETS AT END OF YEAR	<u>\$ 302,100</u>	<u>\$ 112,399</u>	<u>\$ 414,499</u>	<u>\$ 584,812</u>

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

**JUST IN TIME FOR FOSTER YOUTH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	Program Services										Supporting Services		2016 Total	2015 Total	
	Basic Needs	My First Home	Financial Fitness	Bridge to Success	Career Horizons	College Bound/ Education	Community	Leap / Ambassador	Coaching	Program Administration	Total Program Services	General and Administrative			Fundraising
Salaries and related benefits	\$ 176,669	\$ 59,581	\$ 81,824	\$ 92,404	\$ 54,889	\$ 56,469	\$ 102,069	\$ 33,678	\$ 12,108	\$ -	\$ 669,691	\$ 53,103	\$ 216,277	\$ 939,071	\$ 543,693
Program awards	136,077	148,922	142,241	49,120	24,665	203,293	26,983	17,376	38,409	34,049	821,135	-	-	821,135	544,023
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	92,559	92,559	121,833
Contract labor	1,603	383	569	600	383	517	1,241	269	2,254	-	7,819	62,113	2,254	72,186	81,637
Office expense	1,751	418	621	656	418	566	1,147	293	2,483	-	8,353	17,454	22,895	48,702	52,422
Other expenses	1,030	362	493	559	331	330	574	201	1,876	-	5,756	25,392	1,808	32,956	60
Printing	282	67	100	106	67	91	219	47	397	-	1,376	49	11,866	13,291	11,656
Conference, meetings and training	650	179	268	282	179	243	583	127	1,058	-	3,569	4,798	2,318	10,685	7,004
Insurance	1,562	373	554	584	373	504	1,209	262	2,197	-	7,618	262	2,197	10,077	10,018
Travel	790	287	388	443	261	253	421	157	1,474	-	4,474	288	4,699	9,461	2,066
Promotional events	-	-	-	-	-	-	-	-	-	-	-	29	6,177	6,206	3,882
Postage and shipping	93	22	33	35	22	30	72	16	131	-	454	15	897	1,366	2,194
Depreciation	190	45	67	71	45	61	147	32	267	-	925	33	267	1,225	873
Total Expenses	\$ 320,697	\$ 210,639	\$ 227,158	\$ 144,860	\$ 81,633	\$ 262,357	\$ 134,665	\$ 52,458	\$ 62,654	\$ 34,049	\$ 1,531,170	\$ 163,536	\$ 364,214	\$ 2,058,920	\$ 1,381,361

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

**JUST IN TIME FOR FOSTER YOUTH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	<u>2016</u>	<u>2015</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ (170,313)	\$ 159,843
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,225	873
Unrealized loss on investments	72	-
(Increase) Decrease in:		
Contributions receivable	(42,557)	61,960
Prepaid expenses and other assets	(1,522)	(1,793)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(5,482)	14,294
Accrued payroll and related liabilities	13,874	12,587
Net Cash (Used in) Provided by Operating Activities	<u>(204,703)</u>	<u>247,764</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of investments	-	(5,000)
Purchase of property and equipment	-	(6,123)
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>(11,123)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(204,703)	236,641
Cash and Cash Equivalents at Beginning of Year	<u>532,101</u>	<u>295,460</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 327,398</u>	<u>\$ 532,101</u>

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

**JUST IN TIME FOR FOSTER YOUTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

Note 1 - Organization and Significant Accounting Policies:

Organization

Just in Time for Foster Youth (the “Organization”), a not-for-profit organization incorporated in the State of California in 2006, envisions a future in which every youth leaving the foster care system has a community of caring adults waiting for them when they turn eighteen and leave the foster care system.

The Organization believes consistent, long-term help from the heart is the foundation for the success of our youth so that they can thrive and enjoy productive, satisfying lives.

The Organization mobilizes a caring community as an extended family for transitioning foster youth. This is done through consistent relationships and emergency resources provided by individuals, agencies, businesses and foundations that share the core values and mission.

While other programs might assist with support such as transitional housing or college scholarships, the Organization looks where there is a critical need and fills that gap to ensure that motivated youth reach their goal of self-sufficient adulthood. The Organization also fills the most important gap of all: connections to caring adults, who then become a lifelong support system and the consistent community for the youth served.

Significant Accounting Policies

Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflects all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets – Net assets not subject to donor imposed stipulations
- Temporarily restricted net assets – Net assets subject to donor imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a donor stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor.

JUST IN TIME FOR FOSTER YOUTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Estimates

The preparation of a financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement. Actual results could differ from those estimates.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The Organization's statement of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments - Rancho Santa Fe Foundation funds are considered Level 2 assets and are reported at fair value based on the fair value of the underlying assets in the funds as reported by the fund manager, Rancho Santa Fe Foundation, since these funds are valued by the fund manager and are not traded in an active market.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all contributions receivable were fully collectible; therefore, no allowance for doubtful contributions receivable was recorded at June 30, 2016 and 2015.

JUST IN TIME FOR FOSTER YOUTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$5,000 for furniture and equipment at cost, while donations of furniture and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as restricted. Furniture and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Office equipment and computers	5 years
Furniture and fixtures	5 - 7 years

Depreciation totaled \$1,225 and \$873 for the years ended June 30, 2016 and 2015, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid vacation totaling \$26,726 and \$17,533 at June 30, 2016 and 2015, respectively, is accrued when earned and included in accrued payroll and related liabilities.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services, Support and Facilities

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the year ended June 30, 2016 and 2015, did not meet the requirements above, therefore no amounts were recognized in the financial statements.

JUST IN TIME FOR FOSTER YOUTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Donated Services, Support and Facilities (Continued)

The Organization received in-kind donations totaling \$121,676 and \$135,886 for the years ended June 30, 2016 and 2015, respectively, which have been recorded as contributions revenue and expense in the statement of activities.

The Organization occupies office facilities donated by Casey Family Programs. Donated facilities totaled \$51,116 and \$51,116 for the years ended June 30, 2016 and 2015, respectively and were recorded at fair value at the date of donation, and have been included in contributions revenue and expense in the statement of activities.

Allocated Expenses

Expenses by function have been allocated among program and supporting service classifications on the basis of internal records and estimates made by the Organization's management.

Income Taxes

The Organization is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statement. The Organization is not a private foundation.

The Organization's Return of Organization Exempt from Income Tax for the years ended June 30, 2016, 2015, 2014 and 2013 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts and money market funds which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Comparative Totals for June 30, 2015

The financial statements include certain prior year summarized comparative information in total but not by net asset class. This summarized information is for comparative purposes only, and accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized comparative information was derived.

**JUST IN TIME FOR FOSTER YOUTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Subsequent Events

The Organization has evaluated subsequent events through October 27, 2016, which is the date the financial statement is available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

Reclassification

The Organization has reclassified certain prior year information to conform with the current year presentation.

Note 2 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30, 2016:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2016
Investments at Rancho Santa Fe Foundation	\$ -	\$ 4,928	\$ -	\$ 4,928

Note 3 - Investments:

The Organization maintains an investment at Rancho Santa Fe Foundation, which is classified as unrestricted. The investment is held in an investment pool, which is structured for long-term, total return consisting of 35% domestic equities, 21% international equities, 4% in emerging markets, 36% fixed income and 4% in cash and cash equivalents. Investments at Rancho Santa Fe Foundation total \$4,928 and \$5,000 at June 30, 2016 and 2015, respectively.

JUST IN TIME FOR FOSTER YOUTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 4 - Contributions Receivable:

Contributions receivable consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Receivables due in less than one year	\$ 123,800	\$ 54,500
Receivables due in one to five years	6,000	33,000
Less: Discounts to present value	(109)	(366)
Contributions Receivable, Net	<u>\$ 129,691</u>	<u>\$ 87,134</u>

The contributions receivable have been discounted to their present value using discount rates between 0.89% and 1.01% at June 30, 2016 and 2015, respectively.

Note 5 - Furniture and Equipment:

Furniture and equipment consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Office equipment and computers	\$ 32,897	\$ 32,897
Furniture and fixtures	1,554	1,554
Subtotal	<u>34,451</u>	<u>34,451</u>
Less: Accumulated depreciation	(29,553)	(28,328)
Furniture and Equipment, Net	<u>\$ 4,898</u>	<u>\$ 6,123</u>

Note 6 - Line-of-Credit:

The Organization has an unsecured line-of-credit with Western Alliance Bank in the amount of \$50,000. The line-of-credit provides for interest at the bank's prime rate plus 2% (3.5% at June 30, 2016) but not less than 6%. The line-of-credit was renewed on July 28, 2016 which extended the maturity date from June 22, 2016 to September 22, 2017. The line-of-credit has been increased from \$50,000 to \$75,000. There was no outstanding balance at June 30, 2016 and 2015, respectively.

JUST IN TIME FOR FOSTER YOUTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 7 - Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
College Bound	\$ 97,870	\$ 173,849
Computer/Tech	8,638	16
Time Restriction	5,891	32,634
Coaching	-	52,690
Financial Fitness	-	24,033
Total Temporarily Restricted Net Assets	<u>\$ 112,399</u>	<u>\$ 283,222</u>

Net assets totaling \$509,548 were released from donor restrictions due to the satisfaction of purpose or time restrictions during the year ended June 30, 2016.

Note 8 - Commitments:

The Organization leases office space under a lease agreement that expires December 31, 2017. The landlord has provided the space rent-free subject to the terms and conditions of the lease agreement. (Note 1)

The Organization leases office space under a lease agreement that includes two one-year options to renew. The lease was set to expire March 31, 2016, when the Organization exercised the first of its two options.

The Organization also leases additional office space under a lease agreement that expires April 30, 2017. Rent expense totaled \$36,720 and \$20,265 for the years ended June 30, 2016 and 2015, respectively, and is included with office expenses in the statement of functional expenses. The related future minimum lease payments are as follows:

<u>Years Ended</u> <u>June 30</u>	
2017	<u>\$ 31,500</u>