

Cincinnati Youth Collaborative

Financial Statements

And Additional Financial Information

Years Ended June 30, 2015 and 2014

With Independent Auditors' Report

TABLE OF CONTENTS

Independent Auditors' Report 1-2

Financial Statements:

 Statements of Financial Position 3

 Statements of Activities 4-5

 Statements of Cash Flows 6

 Statements of Functional Expenses 7-8

Notes to the Financial Statements 9-15

Additional Financial Information:

 Schedule of Expenditures of Federal Awards 16

Supplemental Reports:

 Independent Auditors' 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* 17-18

 Independent Auditors' Report on Compliance for Each
 Major Federal Program and Report on Internal Control Over
 Compliance Required by OMB Circular A-133..... 19-20

 Schedule of Findings and Questioned Costs 21

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Cincinnati Youth Collaborative:

We have audited the accompanying financial statements of Cincinnati Youth Collaborative (a not-for-profit Ohio corporation), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 Cincinnati Youth Collaborative as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2015 on our consideration of Cincinnati Youth Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Cincinnati Youth Collaborative's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
September 8, 2015

Cincinnati Youth Collaborative
 Statements of Financial Position
 June 30, 2015 and 2014

	2015	2014
Assets:		
Cash and cash equivalents	\$ 438,376	561,585
Investments	1,820,799	1,551,641
Receivables:		
Contributions	293,790	83,547
Grants	235,844	203,217
United Way	41,100	41,879
Other	934	2,500
Prepaid expenses	58,527	46,482
Property and equipment, net	1,150	-
Contributed rent receivable	-	127,208
Total assets	2,890,520	2,618,059
Liabilities and net assets:		
Liabilities:		
Accounts payable	41,620	17,297
Accrued expenses	61,874	53,394
Deferred revenue	18,251	10,011
Total liabilities	121,745	80,702
Net assets:		
Unrestricted	2,206,064	2,032,300
Temporarily restricted	562,711	505,057
Total net assets	2,768,775	2,537,357
Total liabilities and net assets	\$ 2,890,520	2,618,059

See accompanying notes to the financial statements.

Cincinnati Youth Collaborative
Statement of Activities
Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:			
Contributions:			
Corporations	\$ 31,446	21,318	52,764
Foundations	388,510	150,000	538,510
Individuals	182,950	249,740	432,690
Other organizations	113,507	27,062	140,569
Contributed rent	292	-	292
Grants	1,286,432	-	1,286,432
Fee for service	428,940	-	428,940
United Way	41,850	41,100	82,950
Investment income	41,201	-	41,201
Unrealized/realized loss on investments	(5,074)	-	(5,074)
Special event revenue, net of direct expenses of \$49,158	126,507	-	126,507
Miscellaneous income	8,960	-	8,960
Net assets released from restrictions:			
Satisfaction of restrictions	<u>431,566</u>	<u>(431,566)</u>	<u>-</u>
Total revenues and support	<u>3,077,087</u>	<u>57,654</u>	<u>3,134,741</u>
Expenses:			
Program expenses:			
Educational Talent Search	417,910	-	417,910
Mentoring/Tutoring	425,604	-	425,604
Project Reach	102,575	-	102,575
Artlinks	85,458	-	85,458
Gear-Up	110,664	-	110,664
In School	1,015,728	-	1,015,728
Saturday Hoops	13,126	-	13,126
Youth Activities	<u>20,402</u>	<u>-</u>	<u>20,402</u>
Total program expenses	2,191,467	-	2,191,467
Management and general	423,967	-	423,967
Fundraising	<u>287,889</u>	<u>-</u>	<u>287,889</u>
Total expenses	<u>2,903,323</u>	<u>-</u>	<u>2,903,323</u>
Change in net assets	173,764	57,654	231,418
Net assets at beginning of period	<u>2,032,300</u>	<u>505,057</u>	<u>2,537,357</u>
Net assets at end of period	\$ <u>2,206,064</u>	<u>562,711</u>	<u>2,768,775</u>

See accompanying notes to the financial statements.

Cincinnati Youth Collaborative
Statement of Activities
Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:			
Contributions:			
Corporations	\$ 39,413	7,299	46,712
Foundations	438,625	5,250	443,875
Individuals	132,398	237,572	369,970
Other organizations	125,501	31,023	156,524
Contributed rent	569	-	569
Grants	1,393,613	-	1,393,613
Fee for service	216,520	-	216,520
United Way	56,657	41,879	98,536
Investment income	38,060	-	38,060
Unrealized/realized gain on investments	175,065	-	175,065
Special event revenue, net of direct expenses of \$43,648	112,030	-	112,030
Miscellaneous income	8,859	-	8,859
Net assets released from restrictions:			
Satisfaction of restrictions	<u>316,338</u>	<u>(316,338)</u>	<u>-</u>
Total revenues and support	<u>3,053,648</u>	<u>6,685</u>	<u>3,060,333</u>
Expenses:			
Program expenses:			
Educational Talent Search	340,996	-	340,996
Mentoring/Tutoring	154,166	-	154,166
Project Reach	65,412	-	65,412
Artlinks	111,389	-	111,389
CAT Science Kits	27,821	-	27,821
Gear-Up	212,367	-	212,367
In School	1,027,079	-	1,027,079
Saturday Hoops	<u>12,733</u>	<u>-</u>	<u>12,733</u>
Total program expenses	1,951,963	-	1,951,963
Management and general	414,499	-	414,499
Fundraising	<u>305,557</u>	<u>-</u>	<u>305,557</u>
Total expenses	<u>2,672,019</u>	<u>-</u>	<u>2,672,019</u>
Change in net assets	381,629	6,685	388,314
Total net assets at beginning of period	<u>1,650,671</u>	<u>498,372</u>	<u>2,149,043</u>
Net assets at end of period	\$ <u>2,032,300</u>	<u>505,057</u>	<u>2,537,357</u>

See accompanying notes to the financial statements.

Cincinnati Youth Collaborative
 Statements of Cash Flows
 Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 231,418	388,314
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	230	-
Realized and unrealized (gain) loss on investments	5,074	(175,065)
Effect of change in operating assets and liabilities:		
Receivables	(240,525)	181,723
Prepaid expenses	(12,045)	(3,750)
Contributed rent receivable	127,208	126,931
Accounts payable	24,323	(10,989)
Accrued expenses	8,480	(23,984)
Deferred revenue	8,240	2,594
Net cash provided by operating activities	152,403	485,774
Cash flows used in investing activities:		
Purchase of property and equipment	(1,380)	-
Net purchases of investments	(274,232)	(54,500)
Net cash used by investing activities	(275,612)	(54,500)
Increase (decrease) in cash and cash equivalents	(123,209)	431,274
Cash and cash equivalents - beginning of year	561,585	130,311
Cash and cash equivalents - end of year	\$ 438,376	561,585

See accompanying notes to the financial statements.

Cincinnati Youth Collaborative
Statement of Functional Expenses
Year Ended June 30, 2015

Program Services												
	Educational Talent Search	Mentoring/ Tutoring	Project Reach	Artlinks	Gear-Up	In School	Saturday Hoops	Youth Activities	Total Program Services	Management & General	Fundraising	Total Expenses
Salaries	\$ 288,816	318,180	41,971	19,674	68,625	675,632	-	-	1,412,898	146,957	161,824	1,721,679
Payroll taxes and fringe benefits	67,904	62,370	9,340	6,877	21,607	161,907	-	-	330,005	32,671	43,001	405,677
Total personnel costs	<u>356,720</u>	<u>380,550</u>	<u>51,311</u>	<u>26,551</u>	<u>90,232</u>	<u>837,539</u>	<u>-</u>	<u>-</u>	<u>1,742,903</u>	<u>179,628</u>	<u>204,825</u>	<u>2,127,356</u>
Consulting services	-	3,250	-	-	-	4,540	-	-	7,790	750	53,769	62,309
Professional services	12,240	14,527	36	20	3,171	45,942	-	-	75,936	69,693	205	145,834
Office supplies	405	235	159	-	279	3,969	-	-	5,047	2,946	378	8,371
Occupancy	3,963	-	-	442	-	2,573	-	-	6,978	131,165	-	138,143
Equipment lease and maintenance	2,054	2,022	1,115	-	182	2,054	-	-	7,427	1,934	2,818	12,179
Printing and publications	544	70	-	-	210	710	-	185	1,719	147	3,332	5,198
Postage and delivery	1,534	598	449	-	234	756	-	411	3,982	885	2,012	6,879
Advertising and promotion	125	125	-	-	375	-	-	-	625	500	1,572	2,697
Travel	11,853	3,508	1,009	55,555	2,722	11,528	-	-	86,175	-	414	86,589
Program expenses	7,351	9,212	1,507	1,956	1,943	16,451	577	19,771	58,768	-	-	58,768
Incentives and promotions	1,577	3,556	1,465	-	473	25,585	-	-	32,656	-	-	32,656
Supportive services	2,022	1,211	40,612	-	5,510	17,482	6,905	-	73,742	-	-	73,742
Conferences and workshops	3,077	1,216	3,776	-	1,049	23,127	375	-	32,620	-	-	32,620
Temporary personnel	-	-	-	-	-	-	4,400	-	4,400	659	1,918	6,977
Bank service charges	163	-	-	30	-	-	7	35	235	8,953	1,853	11,041
Depreciation	-	-	-	-	-	-	-	-	-	230	-	230
Technology	1,919	1,680	-	-	2,543	2,709	-	-	8,851	1,060	3,863	13,774
Campaign expenses	-	-	-	-	-	-	-	-	-	-	2,531	2,531
Miscellaneous	12,363	3,844	1,136	904	1,741	20,763	862	-	41,613	25,417	8,399	75,429
Total expenses	<u>\$ 417,910</u>	<u>425,604</u>	<u>102,575</u>	<u>85,458</u>	<u>110,664</u>	<u>1,015,728</u>	<u>13,126</u>	<u>20,402</u>	<u>2,191,467</u>	<u>423,967</u>	<u>287,889</u>	<u>2,903,323</u>

See accompanying notes to the financial statements.

Cincinnati Youth Collaborative
Statement of Functional Expenses
Year Ended June 30, 2014

Program Services

	Educational		Project	CAT				Saturday	Total	Management		Total
	Talent	Mentoring/	Reach	Artlinks	Science Kits	Gear-Up	In School	Hoops	Program	& General	Fundraising	Expenses
	Search	Tutoring							Services			
Salaries	\$ 213,878	103,861	20,898	21,600	-	175,267	642,346	-	1,177,850	148,572	196,460	1,522,882
Payroll taxes and fringe benefits	62,783	21,217	4,932	11,021	-	29,205	163,272	-	292,430	33,504	47,264	373,198
Total personnel costs	<u>276,661</u>	<u>125,078</u>	<u>25,830</u>	<u>32,621</u>	<u>-</u>	<u>204,472</u>	<u>805,618</u>	<u>-</u>	<u>1,470,280</u>	<u>182,076</u>	<u>243,724</u>	<u>1,896,080</u>
Consulting services	-	-	-	-	-	-	47,546	-	47,546	7,500	29,145	84,191
Professional services	1,270	11,345	66	19	13,624	7,049	52,142	-	85,515	54,904	269	140,688
Office supplies	1,138	254	219	-	-	62	529	-	2,202	2,557	287	5,046
Occupancy	5,477	-	-	305	-	-	3,434	-	9,216	130,740	-	139,956
Equipment lease and maintenance	1,210	1,125	1,092	-	-	630	1,182	-	5,239	1,301	1,182	7,722
Printing and publications	1,467	197	138	-	-	20	1,142	-	2,964	449	2,771	6,184
Postage and delivery	1,883	377	573	-	-	134	423	-	3,390	716	1,109	5,215
Advertising and promotion	-	-	-	-	-	-	-	-	-	100	471	571
Travel	14,885	936	985	74,180	27	-	14,352	504	105,869	1,590	1,450	108,909
Program expenses	15,891	10,708	1,674	1,773	60	-	6,461	-	36,567	-	-	36,567
Incentives and promotions	1,245	1,547	1,237	-	-	-	16,772	-	20,801	-	-	20,801
Supportive services	6,068	2,143	31,800	-	9,722	-	32,710	8,229	90,672	-	-	90,672
Conferences and workshops	4,201	-	500	-	-	-	29,609	-	34,310	-	-	34,310
Temporary personnel	-	-	-	-	4,388	-	-	4,000	8,388	-	-	8,388
Bank service charges	127	-	-	-	-	-	-	-	127	8,672	2,116	10,915
Technology	4,946	-	-	-	-	-	3,326	-	8,272	279	12,453	21,004
Campaign expenses	-	-	-	-	-	-	-	-	-	-	5,015	5,015
Miscellaneous	4,527	456	1,298	2,491	-	-	11,833	-	20,605	23,615	5,565	49,785
Total expenses	<u>\$ 340,996</u>	<u>154,166</u>	<u>65,412</u>	<u>111,389</u>	<u>27,821</u>	<u>212,367</u>	<u>1,027,079</u>	<u>12,733</u>	<u>1,951,963</u>	<u>414,499</u>	<u>305,557</u>	<u>2,672,019</u>

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the Cincinnati Youth Collaborative are set forth to facilitate the understanding of data presented in the financial statements.

Nature of operations

The Cincinnati Youth Collaborative (“the Collaborative”) is an Ohio not-for-profit organization, organized with the goal to ensure all Cincinnati youth will graduate from high school with the knowledge, skills, desire and opportunity to realize their full potential – whether that be to assume a productive and satisfying job or go on to higher education.

The Collaborative is supported by contributions from corporations, foundations, organizations, and individuals and grants from federal, state, and local governments and agencies.

Financial statement presentation

The Collaborative reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets which have no donor-imposed restrictions; temporarily restricted net assets which have donor-imposed restrictions that will likely expire in the future; and permanently restricted net assets which have donor-imposed restrictions which do not expire. The Collaborative has no permanently restricted net assets at June 30, 2015 and 2014.

Cash and cash equivalents

Cash and cash equivalents consist of cash in bank deposit accounts. The cash in bank deposit accounts may at times exceed federally insured limits. The Collaborative has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Allowance for doubtful accounts

On a periodic basis, the Collaborative will evaluate its receivables and determine the establishment of an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. The Collaborative charges the allowance when receivables are deemed to be uncollectible, and payments subsequently received on such receivables restore the allowance for doubtful accounts. Management believes all receivables will be collected and, therefore, no allowance was deemed necessary at June 30, 2015 and 2014.

Property and equipment

Property and equipment are recorded at cost. Costs of maintenance and repairs are charged to expense as incurred. Major improvements and renewals, in general, are capitalized. Property and equipment over \$1,000 are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the property and equipment. The estimated useful lives used in computing depreciation are 5 – 7 years. Depreciation expense was \$230 and \$-0- for the years ended June 30, 2015 and 2014, respectively. As of June 30, 2014, all property and equipment was fully depreciated.

Contributions

Contributions of cash and other assets without donor stipulations concerning the use of such assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used in accordance with donor stipulations are reported as revenues of the temporarily or permanently restricted net asset classes. The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions whose restrictions are met in the same period as received are reported as unrestricted support.

Funds held by the Greater Cincinnati Foundation are not recorded on the Collaborative's financial statements in accordance with generally accepted accounting principles. Income is recorded as received (Note 9).

Use of estimates

The preparation of financial statements 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 statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Income taxes

For Federal tax purposes, the Collaborative is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Collaborative does not have net income from activities subject to the unrelated business net income tax.

Accounting for uncertainty in income taxes

The Financial Accounting Standards Board ("FASB") has issued guidance which clarifies generally accepted accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions. This guidance clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Collaborative's income tax returns. The Collaborative's income tax filings are subject to audit by various taxing authorities. The years of filings open to these authorities and available for audit are those with fiscal years ended in 2012, 2013, and 2014. The Collaborative's policy with regards to interest and penalties is to recognize interest through interest expense and penalties through other expense. In evaluating the Collaborative's tax provision and tax exempt status, interpretations and tax planning strategies were considered. The Collaborative believes their estimates are appropriate based on the current facts and circumstances.

Contributions in-kind

Donated services are recorded as public support only if they create or enhance nonfinancial assets or require specialized services. Cincinnati Public Schools employed individuals who provided volunteer services to the Collaborative. Although no amounts have been reflected as support in the statement of activities for these services, management estimates the fair value of those services to be approximately \$155,000 for the year ended June 30, 2014. There were no volunteer services received from Cincinnati Public Schools for the year ended June 30, 2015.

Revenue recognition

Revenue for services is recognized as services are performed. Contributions are recorded upon pledge or time of grant. Revenue received for future services not yet delivered is reflected as deferred revenue until provided.

Allocation of functional expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities, accordingly, certain costs have been allocated among benefited programs and supporting services. There are no joint costs for fundraising activities.

Subsequent events

The Collaborative evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through September 8, 2015, the date on which the financial statements were available to be issued.

2. CONTRIBUTIONS RECEIVABLE:

The Collaborative has received unconditional promises to give cash from several donors that have been included in the financial statements as temporarily restricted net assets at their net present value. Contributions receivable consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Due in less than one year	\$ 117,010	32,505
Due in one to five years	178,425	51,900
Less discount at 1.7% for present value of pledges due beyond on year	<u>(1,645)</u>	<u>(858)</u>
	<u>\$ 293,790</u>	<u>83,547</u>

In addition, United Way made allocations to the Collaborative of which \$41,100 and \$41,879 are receivable at June 30, 2015 and 2014, respectively, and are due within one year.

3. GRANTS RECEIVABLE:

The following is a summary of grants receivable at June 30:

	<u>2015</u>	<u>2014</u>
Hamilton County Department of Jobs and Family Services – WIA In-School and Foster Program	\$ 143,206	150,779
University of Cincinnati - Gear Up! Grant	-	21,070
Chancellor of the Ohio Board of Regents – Gear Up! Grant	38,049	-
U.S. Department of Education – Educational Talent Search Grant	45,570	31,368
Woodward Trust	<u>9,019</u>	<u>-</u>
	<u>\$ 235,844</u>	<u>203,217</u>

4. CONTRIBUTED RENT RECEIVABLE:

In July 2012, the Collaborative renewed a sublease agreement to lease operating space from the Mayerson Academy. Under this agreement, the annual lease payment is \$1 and expired in June 2015. The Collaborative recorded a receivable at the net present value for the estimated market value of the contributed rent determined at the inception of the lease. The annual fair value of the contributed rent has been estimated at \$127,500. The net present value of the receivable, calculated utilizing the two-year Treasury rate (0.29% at July 1, 2012), was recorded in the statement of financial position. A lease renewal has not been finalized, therefore, no contributed rent receivable was recorded at June 30, 2015.

Annually, the Collaborative records rent expense for the estimated gross fair value of the contributed rent. The receivable is reduced by the annual net present value. The difference between the gross fair value and the net present value is reflected as a contribution in the statement of activities.

The following is a summary of these amounts at June 30:

	<u>2015</u>	<u>2014</u>
Gross fair market value of contributed rent receivable	\$ -	127,500
Less: interest portion	<u>-</u>	<u>292</u>
Net present value of contributed rent receivable	\$ <u>-</u>	<u>127,208</u>

5. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following at June 30:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 673,939	673,939
Furniture and fixtures	<u>335,490</u>	<u>334,110</u>
	1,009,429	1,008,049
Less accumulated depreciation	<u>1,008,279</u>	<u>1,008,049</u>
	\$ <u>1,150</u>	<u>-</u>

6. OBLIGATIONS UNDER OPERATING LEASES:

The Collaborative leases office space and equipment pursuant to various operating lease agreements. Future minimum lease payments are as follows:

2016	\$ 4,260
2017	<u>3,195</u>
	\$ <u>7,455</u>

Rent and lease expense for the years ended June 30, 2015 and 2014 was approximately \$140,000 and \$135,000, respectively.

7. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2015</u>	<u>2014</u>
Art Links	\$ 25,229	10,770
Emergency College	54,826	54,826
First Degree	15,318	5,036
Youth Summit	1,833	-
Operating expenses for subsequent year	100,000	150,000
Saturday Hoops	30,615	31,791
Contributions due in future periods	334,890	125,426
Contributed rent	<u>-</u>	<u>127,208</u>
	<u>\$ 562,711</u>	<u>505,057</u>

8. FUNDRAISING:

The Collaborative recognized revenue of approximately \$1,423,000 and \$1,271,000 for the years ended June 30, 2015 and 2014, respectively, from its fundraising activities and incurred related expenses of approximately \$337,000 and \$349,000 for the years ended June 30, 2015 and 2014.

9. COMMUNITY FOUNDATION FUNDS:

The Collaborative is the beneficial recipient of funds held at the Greater Cincinnati Foundation (“GCF”). GCF has variance power over these funds by agreement with the donor to accept the Resolution and Declaration of Trust of the GCF as a part of the gift instrument. The GCF then distributes an amount annually to the beneficiary from the endowment. In accordance with generally accepted accounting principles, the Collaborative is prohibited from recording their beneficial interest in these funds because the funds are held by the GCF and subject to the variance powers embedded in their Resolution and Declaration of Trust.

The balance of the John and Francie Pepper Education Fund at June 30, 2015 and 2014 is \$1,067,367 and \$1,138,876, respectively

10. RETIREMENT PLAN:

The Collaborative has a 401(k) plan covering substantially all employees who meet certain eligibility requirements. Employees may elect to defer a portion of their salary not to exceed federal limitations. The Organization will match 100% of the first 3% of employee deferrals and 50% for the next 2% of employee deferrals. The employee will be automatically 100% vested in the Collaborative’s match. Matching contributions to the plan were approximately \$51,000 and \$44,000 during the years ended June 30, 2015 and 2014, respectively.

11. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to

measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Collaborative has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Fair value methods and assumptions on investments in equity mutual funds, bond mutual funds and money market funds are based on the Level 1 market approach.

The following table presents the Collaborative's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2015.

	<u>Fair Value Measurements at Reporting Date</u>			
		<u>Using</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 51,204	51,204	-	-
Fixed income mutual funds:			-	-
Intermediate-term	541,601	541,601	-	-
Real estate	<u>114,247</u>	<u>114,247</u>	<u>-</u>	<u>-</u>
	<u>655,848</u>	<u>655,848</u>	<u>-</u>	<u>-</u>
Equity mutual funds:				
Foreign large cap blend	434,224	434,224	-	-
Large cap blend	<u>679,523</u>	<u>679,523</u>	<u>-</u>	<u>-</u>
	<u>1,113,747</u>	<u>1,113,747</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,820,799</u>	<u>1,820,799</u>	<u>-</u>	<u>-</u>

The following table presents the Collaborative's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2014.

	<u>Fair Value Measurements at Reporting Date</u>			
		<u>Using</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 43,886	43,886	-	-
Fixed income mutual funds:			-	-
Intermediate-term	431,569	431,569	-	-
Real estate	<u>110,305</u>	<u>110,305</u>	<u>-</u>	<u>-</u>
	<u>541,874</u>	<u>541,874</u>	<u>-</u>	<u>-</u>
Equity mutual funds:				
Foreign large cap blend	381,513	381,513	-	-
Large cap blend	<u>584,368</u>	<u>584,368</u>	<u>-</u>	<u>-</u>
	<u>965,881</u>	<u>965,881</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,551,641</u>	<u>1,551,641</u>	<u>-</u>	<u>-</u>

Cincinnati Youth Collaborative
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education:</u>		
TRIO_Talent Search	84.044	\$ 409,447
<i>Passed through the Chancellor of the Ohio Board of Regents</i>		
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	<u>109,775</u>
Total U.S. Department of Education		<u>519,222</u>
 <u>U.S. Department of Health and Human Services:</u>		
<i>Passed through the Hamilton County Department of Job and Family Services:</i>		
Temporary Assistance for Needy Families	93.558	<u>79,311</u>
Total U.S. Department of Health and Human Services		<u>79,311</u>
 <u>U.S. Department of Labor:</u>		
<i>Passed through the Hamilton County Department of Job and Family Services:</i>		
WIA/WIOA Youth Activities	17.259	<u>557,969</u>
Total U.S. Department of Labor		<u>557,969</u>
Total Federal Expenditures		\$ <u><u>1,156,502</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards is a summary of the activity of the Collaborative's federal award programs. The schedule has been prepared on the accrual basis of accounting.

INDEPENDENT AUDITORS' 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 of
Cincinnati Youth Collaborative:

We have audited, 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, the financial statements of Cincinnati Youth Collaborative, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 8, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cincinnati Youth Collaborative'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 Cincinnati Youth Collaborative's internal control. Accordingly, we do not express an opinion on the effectiveness of Cincinnati Youth Collaborative'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cincinnati Youth Collaborative'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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
September 8, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Cincinnati Youth Collaborative:

Report on Compliance for Each Major Federal Program

We have audited Cincinnati Youth Collaborative's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Cincinnati Youth Collaborative's major federal programs for the year ended June 30, 2015. Cincinnati Youth Collaborative's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cincinnati Youth Collaborative's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cincinnati Youth Collaborative's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cincinnati Youth Collaborative's compliance.

Opinion on Each Major Federal Program

In our opinion, Cincinnati Youth Collaborative complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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Report on Internal Control Over Compliance

Management of Cincinnati Youth Collaborative is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cincinnati Youth Collaborative's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cincinnati Youth Collaborative's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
September 8, 2015

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	no
Noncompliance material to financial statements noted?	no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	no
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no
Identification of major programs: CFDA 17.259 – WIA/WIOA Youth Activities	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

Section II – Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training and experience are well-suited for each client's purpose and goals. We are committed to providing insightful and customized service — from efficient compliance to sophisticated consulting — to help each client prosper today and plan for future success.

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