

**YOUTH EMPOWERMENT
PROJECT**

FINANCIAL REPORT

JUNE 30, 2017

YOUTH EMPOWERMENT PROJECT

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Reginald A. Bresette, III
Limited Liability Company

Reginald A. Bresette, III, CPA

Member
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Youth Empowerment Project
New Orleans, Louisiana

Report on the Financial Statement

I have audited the accompanying financial statements of Youth Empowerment Project (a non-profit organization) (the Organization) which comprise the statement of financial position as of June 30, 2017 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit 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 I 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 risk 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Empowerment Project as of June 30, 2017 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 11, 2017 on my consideration of Youth Empowerment Project internal control over financial reporting and my test 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 the 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 Youth Empowerment Project's internal control over financial reporting and compliance.



Reginald A. Bresette III, LLC
Certified Public Accountant
October 11, 2017

YOUTH EMPOWERMENT PROJECT
(A Not For Profit Organization)

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

ASSETS

Current Assets

Cash and cash equivalents (Note 2)	\$ 768,176
Unconditional promises to give (Note 3)	1,326,941
Reimbursement receivable (Note 4)	163,382
Inventory	17,166
Prepaid expenses	<u>45,327</u>

Total current assets 2,320,992

Assets restricted to investment in property, Furniture, and equipment (Note 5)	
Cost less accumulated depreciation	<u>1,307,462</u>

Total assets \$ 3,628,454

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 64,588
Mortgage payable	<u>21,591</u>

Total current liabilities 86,179

Mortgage payable, net of current maturities (Note 6)	<u>519,284</u>
Total liabilities	<u>605,463</u>

Unrestricted net assets	1,426,664
Temporarily restricted net assets (Note 8)	<u>1,596,327</u>

Total net assets 3,022,991

Total liabilities and net assets \$ 3,628,454

The accompanying notes are an integral part of this financial statement.

YOUTH EMPOWERMENT PROJECT
(A Not For Profit Organization)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Support, revenues and reclassifications			
Public support:			
Grants - United Way	\$ -	\$ 60,286	\$ 60,286
Grants - Federal Government	153,094	-	153,094
Grants - Other	1,145,683	1,427,250	2,572,933
Contributions	704,907	-	704,907
	<u>2,003,684</u>	<u>1,487,536</u>	<u>3,491,220</u>
 Revenues			
Program Service Revenue	129,936		129,936
Other Income	88,711		88,711
Total revenues	<u>218,647</u>		<u>218,647</u>
 Reclassifications:			
Net assets released from restrictions due to satisfaction of time and purpose restrictions	1,634,902	(1,634,902)	
Total reclassifications	<u>1,634,902</u>	<u>(1,634,902)</u>	
 Total support, revenues and reclassifications	<u>3,857,233</u>	<u>(147,366)</u>	<u>3,709,867</u>
 Expenses			
Program services	<u>2,819,199</u>		<u>2,819,199</u>
Supporting services:			
Management and general	631,360		631,360
Fundraising	253,313		253,313
Total supporting services	<u>884,673</u>		<u>884,673</u>
 Total expenses	<u>3,703,872</u>		<u>3,703,872</u>
 CHANGES IN NET ASSETS	<u>153,361</u>	<u>(147,366)</u>	<u>5,995</u>
 NET ASSETS AT THE BEGINNING OF THE YEAR	<u>1,273,303</u>	<u>1,743,693</u>	<u>3,016,996</u>
 NET ASSETS AT THE END OF THE YEAR	<u>\$ 1,426,664</u>	<u>\$ 1,596,327</u>	<u>\$ 3,022,991</u>

The accompanying notes are an integral part of this financial statement.

YOUTH EMPOWERMENT PROJECT
(A Not For Profit Organization)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
Increase (decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from federal government	\$ 266,452
Cash received from public support	3,189,422
Cash received from program services	129,936
Cash received from other income	88,711
Cash payments for operating expenses	(1,282,036)
Cash payments for employee salaries and benefits	(2,364,065)
	<u>28,420</u>
Net cash provided (used) by operating activities	<u>28,420</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of securities	16,089
Purchase of land, building and improvements	(25,618)
	<u>(9,529)</u>
Net cash provided (used) by investing activities	<u>(9,529)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on mortgage payable	(20,635)
	<u>(20,635)</u>
Net cash provided (used) by investing activities	<u>(20,635)</u>
Net increase (decrease) in cash and cash equivalents	(1,744)
Cash and cash equivalents at beginning of year	<u>769,920</u>
Cash and cash equivalents at end of year	<u>\$ 768,176</u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Change in net assets	\$ 5,995
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	52,520
(Increase) decrease in unconditional promises to give	31,387
(Increase) decrease in receivables	(66,732)
(Increase) decrease in prepaid expenses	(45,327)
(Increase) decrease in inventory	(4,847)
Increase (decrease) in accounts payable	55,424
Total adjustments	<u>22,425</u>
Net cash provided (used) by operating activities	<u>\$ 28,420</u>
Supplemental Information	
Interest expense	<u>\$ 25,467</u>

The accompanying notes are an integral part of this financial statement.

**YOUTH EMPOWERMENT PROJECT
(A Not For Profit Organization)**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL EXPENSE
		MANAGEMENT & GENERAL	FUNDRAISING	TOTAL	
Salaries	\$ 1,485,416	\$ 328,111	\$ 137,029	\$ 465,140	\$ 1,950,556
Benefits (Note 9)	321,992	62,486	29,031	91,517	413,509
Computer Network and Software Expenses	56,400	17,506	5,146	22,652	79,052
Consultants and Professional Services	179,604	30,764	24,725	55,489	235,093
Depreciation	-	52,520	-	52,520	52,520
General Insurance	38,085	11,076	3,010	14,086	52,171
Interest Expense	18,634	5,560	1,274	6,834	25,468
Miscellaneous	1,115	18,997	-	18,997	20,112
Office Expense	64,657	31,512	5,252	36,764	101,421
Rent (Note 7)	27,875	-	-	-	27,875
Repairs and Maintenance	34,130	8,949	2,266	11,215	45,345
Training	22,639	24,273	277	24,550	47,189
Travel and Meetings	15,076	25,842	1,586	27,428	42,504
Utilities and Telephone	50,822	6,849	3,205	10,054	60,876
Youth Related Expenses	502,754	6,915	40,512	47,427	550,181
Total	\$ 2,819,199	\$ 631,360	\$ 253,313	\$ 884,673	\$ 3,703,872

The accompanying notes are an integral part of this financial statement.

YOUTH EMPOWERMENT PROJECT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 – NATURE OF ACTIVITIES

Youth Empowerment Project's History

Founded in 2004, the Youth Empowerment Project (YEP) is a New Orleans-based non-profit organization that serves over 1,200 underserved children and young adults each year. YEP has grown significantly and strategically over the past 13 years. In our first year of operation, we had one program, served 25 youth, and had an annual budget of \$235,000. Today, YEP is the largest, most comprehensive youth-serving organization in New Orleans; with 11 programs, six locations, 50 staff members, and an annual budget of \$3.8 million. YEP's Co-Founder and Executive Director Melissa Sawyer oversees the daily operations of the organization, and reports to YEP's voluntary Board of Directors. Through YEP's 11 programs, the organization address key barriers that impede young people from succeeding, including illiteracy, poverty and crime. YEP's continuum of services attack the root causes of these social ills, and provide young people with the supports and skills they need to succeed in school and in their communities.

YEP's Mission, Vision, Core Purpose & Core Values

Mission: YEP engages underserved young people through community-based education, mentoring and employment readiness programs to help them develop skills and strengthen ties to family and community.

Vision: YEP envisions a community where all people have access to the opportunities, skills, resources and relationships they need to actualize their potential.

Core Purpose: YEP's core purpose is to empower young people to improve their lives and the lives of others.

Core Values: YEP is committed to:

- Respect - YEP believes all people have value and should be treated with dignity;
- Accountability – YEP is responsible to its participants, families, community, donors and other stakeholders;
- Integrity – YEP is honest and sincere;
- Progress – YEP believes in ongoing learning and innovation;
- Kindness – YEP is caring and generous.

YOUTH EMPOWERMENT PROJECT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Youth Empowerment Project Programs and Services

YEP operates 11 different programs within four main focus areas: Mentoring/Youth Advocacy; Enrichment; Adult Education and Literacy; and Postsecondary Transition Services and Employment Readiness. YEP's programs, all of which are offered free of charge, have grown in response to unmet community needs identified through our staff's years of on-the-ground experience and expertise providing high-quality, culturally competent services to New Orleans youth.

YEP Mentors (Youth Advocacy/Mentoring) – YEP's flagship **Community Reintegration Program** was the first program of its kind in Louisiana to offer intensive, individualized mentoring and supportive services to youth making the very difficult transition home from secure juvenile facilities. YEP has maintained an uninterrupted state contract for reintegration services for 12 years, over the years, YEP has expanded its Advocacy/Mentoring services. YEP currently operates a **Community Based Intervention Program**, which offers intensive mentoring and support to youth who are on probation or parole as well as; **Community-Based Mentoring and Community Based** programs, which provide mentoring, tutoring and other services to youth ages 8-21 who are not court-involved, but are at high risk of delinquency due to their behavior and circumstances.

YEP Enriches (Enrichment Services) – Many of YEP's youngest program participants live in Central City New Orleans, a neighborhood with homicide and violent crime rates that are more than twice that of New Orleans as a whole. YEP's **Afterschool** and **Summer Camp** programs play a key role in keeping these youth on-track academically, while also keeping them safe during out-of-school time. YEP's year-round enrichment programming provides Central City youth ages 7-15 with academic support, group activities, meals, a variety of fun and educational field trips, assistance with basic needs, and mentorship support. In 2017, 93% percent of participants said the YEP program helped them to have hope for a positive future. YEP's **Camp Mariposa** program provides children ages 9-12 who are impacted by substance abuse with year-round weekend camping trips that provide youth with traditional camp activities as well as substance abuse education and therapeutic supports – provided through trained staff.

YEP Educated (Adult Education/Literacy) – YEP's **New Orleans Providing Literacy to All Youth (NOPLAY)** is the largest adult education provider in New Orleans that specializes in providing high school equivalency (HiSET, formerly known as GED) test preparation and adult literacy services to disconnected young people between the ages of 16 -24. YEP's **Village** program is a subset of NOPLAY that was designed to meet the needs of out-of-school youth between the ages of 16-21. The Village program provides young adults with high school equivalency instruction, intensive mentoring, and case management services. In 2017, 78% of Village students improved a full Education Functioning Level (EEL), roughly equivalent to two grade levels, significantly outperforming state and national averages.

YOUTH EMPOWERMENT PROJECT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

YEP Works (Employment Readiness and Transition) – YEP's **Trafigura Work & Learn (W & L) Center** operates several businesses that provide youth ages 16-24 with valuable employment skills and stipends while they gain real-world job experience. YEP offers training for youth in customer service, bicycle repair, and creative digital media (graphic design and coding). In addition to YEP's W & L program YEP provides employment transition services to young people who are interested in pursuing vocational training employment opportunities.

Overview of YEP's Services

Through its programs, YEP provides New Orleans youth between the ages of 7 and 24, along with their families, with an array of age-appropriate services that include:

- High school equivalency and literacy instruction
- Assistance with transitioning into post-secondary education and employment opportunities
- Employment readiness training
- Afterschool enrichment
- Academic support and tutoring
- Summer programming
- Intensive and individualized case management services
- Assistance with basic needs
- Family and individual mental health counseling
- Substance abuse education programming
- Anger management and violence prevention groups
- Youth mentoring and advocacy
- Transportation services for clients and families

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred. Contributions are recognized when received or unconditionally promised.

YOUTH EMPOWERMENT PROJECT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Financial Statement Presentation – The accounting for not-for-profit organizations requires the reporting of information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets, based on donor stipulations and restrictions placed on contribution, if any. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Support, revenue, and expenses for the general operation of the Organization.

Temporarily Restricted Net Assets – Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period.

Permanently Restricted Net Assets - Contributions specifically authorized by the grantor or donor to be held in perpetuity for a specific purpose. The organization had no net assets classified as permanently restricted as of June 30, 2017.

Uncertain Tax Positions - YEP recognizes the financial impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of June 30, 2017, YEP did not have any uncertain tax positions. Tax years ended June 30, 2016 and later remain subject to examination by taxing authorities.

Subsequent Events - Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through October 11, 2017, which is the date the financial statements were available to be issued.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a 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.

Cash and Cash equivalents - For purposes of the statement of cash flows, YEP considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

YOUTH EMPOWERMENT PROJECT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

As of June 30, 2017, cash and cash equivalents included \$269,386 of cash received and held for restricted purposes.

Fixed assets - All expenditures for leasehold improvements and equipment are capitalized. Depreciation on property and improvements is provided by using the straight-line method over the estimated life of 39 years. Depreciation on equipment is provided by using the straight-line and the declining-balance method over the estimated useful lives of 5 to 7 years.

Income taxes - YEP is a non-profit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code of 1986, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is exempt from Louisiana income tax under the authority of R.S. 47:121(5).

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

In – Kind Support - YEP occupies classroom space in the New Orleans Adult Learning Center in New Orleans, Louisiana for youth classes throughout the fiscal year. No rent is paid by YEP. No amounts have been recognized in the accompanying statement of activities because no criteria for recognition of such in-kind support has been satisfied under FASB ASC 958. The in-kind support of the New Orleans Adult Learning Center includes the use of the facility and all costs and expenses associated with the use of the facility by YEP for any and all classes scheduled by it. The amount of the support is not readily determinable on an annual basis.

YOUTH EMPOWERMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

YEP also occupies classroom space in the Harmony Oaks Community Center that is managed by Urban Strategies in New Orleans, Louisiana for youth classes throughout the fiscal year. No rent is paid by YEP. No amounts have been recognized in the accompanying statement of activities because no criteria for recognition of such in-kind support has been satisfied under FASB ASC 958. The in-kind support of Urban Strategies includes the use of the facility and all costs and expenses associated with the use of the facility by YEP for any and all classes scheduled by it. The amount of the support is not readily determinable on an annual basis.

YEP also occupies classroom space in the Arthur Monday Multi-Purpose Center in New Orleans, Louisiana for youth classes throughout the fiscal year. No rent is paid by YEP. No amounts have been recognized in the accompanying statement of activities because no criteria for recognition of such in-kind support has been satisfied under FASB ASC 958. The in-kind support provided by the Arthur Monday Multi-Purpose Center includes the use of the facility and all costs and expenses associated with the use of the facility by YEP for any and all classes scheduled by it. The amount of the support is not readily determinable on an annual basis.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE:

During the year YEP entered into contracts representing unconditional promises to give as follows:

Various grant agreements were established during the year in which \$1,622,263 been awarded. At June 30, 2017 funds of \$694,823 have been received which includes \$397,501 from prior years.

In summary, unconditional promises to give at June 30, 2017 and expected to be collected in the future total \$1,326,941.

NOTE 4 – REIMBURSEMENTS RECEIVABLE

YEP has incurred expenses related to providing services to court-involved, at-risk, and out of school youths at June 30, 2017, in excess of contract fees for services received at that date. A receivable has been recorded on these cases for the excess expenses as follows:

YOUTH EMPOWERMENT PROJECT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Criminal District Court	\$13,084
Office of Juvenile Justice	24,007
Orleans Parish Juvenile Court	12,156
Louisiana Community and Technical	46,535
Urban Strategies	<u>67,600</u>
	<u>\$163,382</u>

NOTE 5 – PROPERTY FURNITURE AND EQUIPMENT

Property, furniture and equipment consisted of the following at June 30, 2017.

Buildings	\$ 1,057,195
Land	114,305
Improvements	211,880
Furniture, Equipment and Software	123,178
Less: accumulated depreciation	<u>(199,096)</u>
Net book value	<u>\$ 1,307,462</u>

Depreciation expense for the year ended June 30, 2017 was \$52,520.

NOTE 6 – MORTGAGE PAYABLE

YEP is the maker of a mortgage note payable in the original amount of \$600,000 at 4.49% per annum interest fixed for seven years with a twenty year amortization. The mortgage is to be paid in equal monthly installments of \$3,814, which includes principal and interest. The note is secured by a first mortgage on the land and building located at 1600 - 1604 Oretha Castle Haley Blvd. As of June 30, 2017, the principal balance of the note is \$540,875 of which \$21,591 is due within the next twelve months. As of June 30, 2017, the note is in current condition.

Maturities of the mortgage payable for each of the next five years are as follows:

2017 – 2018	\$21,591
2018 – 2019	22,595
2019 – 2020	23,584
2020 – 2021	<u>473,105</u>
	<u>\$540,875</u>

YOUTH EMPOWERMENT PROJECT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 7 – LEASE COMMITMENTS

YEP leased a satellite office for employee access in Hahnville, Louisiana under a cancelable agreement accounted for as an operating lease during the year ended June 30, 2017. The lease expires August 1, 2017. Future minimum lease payments at June 30, 2017 are \$525.

YEP also has an operating lease agreement with the Work & Learn programs beginning January 1, 2017. This lease is on a monthly basis in the amount of \$2,400 per month.

Rent expense incurred under both leases was \$27,875 for the year ended June 30, 2017.

NOTE 8 - TEMPORARY RESTRICTIONS ON ASSETS:

Temporarily restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. At June 30, 2017, temporarily restricted net assets are comprised of cash and receivables from the following sources:

Aspen Institute	\$55,000
Baptist Community Ministries	66,666
Capital One	17,083
Cowen Institute	15,000
Cox/City of New Orleans	833
Cricket Island Foundation	5,556
Dollar General	8,334
Emeril Lagasse Foundation	6,667
Entergy	15,385
Fore Kids Foundation	4,167
GPOA	3,333
Greater New Orleans Foundation	1,667
Iberia Bank	3,333
New Orleans Redevelopment Authority	8,100
Pro Bono Publico	3,750
Rosa Mary Foundation	13,750
Tolmas Family Foundation	6,667
Trafigura Foundation	459,500
Tulane Youth and Sports Fund	3,500
United Way	35,286
WK Kellogg Foundation	845,250
Zemurray Foundation	<u>17,500</u>
Total temporarily restricted funds – June 30, 2017	<u>\$1,596,327</u>

YOUTH EMPOWERMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Aid Still Required	\$2,500
Andrus Family Foundation	41,667
AT&T Foundation	4,583
Baptist Community Ministries	185,804
Baton Rouge Area Foundation	103,571
Capital One Services	7,914
Cowen Institute	17,500
Cox Communications	5,622
Cricket Island Foundation	17,583
Dollar General	10,000
Emeril Lagasse Foundation	28,336
Entergy	34,614
Fore! Kids Foundation	10,833
GPOA Foundation	11,667
Greater New Orleans Foundation	41,666
Iberia Bank	11,667
Mary Freeman Wisdom Foundation	5,000
Moyer Founation	60,000
New Orleans College Prep	60,264
New Orleans Redevelopment Authority	21,150
ProBono Publico	3,750
Rosa Mary Foundation	15,000
The Ceasar's Foundation	837
Tolmas Family Foundation	3,333
Trafigura Foundation	306,336
Tulane Youth Fund	3,500
United Way	34,167
Vera Institute of Justice	114,359
W.K. Kellogg Foundation	435,846
Women of Trinity Church	833
Zemurray Foundation	<u>35,000</u>
Total net assets released -- 2016 -- 2017	<u>\$ 1,634,902</u>

YOUTH EMPOWERMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 9 – EMPLOYEE PENSION PLAN

YEP adopted a 403b that is available to all eligible employees. YEP has elected to match contributions up to 50% of 5% of employee's elective deferral for 2016 – 2017 compensation for each participating employee. Yep's obligation for contributions to the plan as of June 30, 2017 was \$17,257 which consisted entirely of the YEP's employer matching contribution.

NOTE 10 – DONATED SERVICES

The value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, several volunteers have donated significant amounts of their time in the YEP program service area.

NOTE 11 – FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supported services benefited.

NOTE 12 – CREDIT RISK CONCENTRATION AND MAJOR FUNDING SOURCES

YEP receives grants and contracts for services from the public and foundations which comprises the majority of its revenue.

YEP maintains its cash equivalents in financial institutions in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On June 30, 2017 YEP had cash balances in excess of FDIC insured limits. The cash balances, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 13 – LITIGATION AND CLAIMS:

There is no pending litigation against YEP at June 30, 2017. Furthermore, the management of YEP believes that any potential lawsuits would be adequately covered by insurance.

NOTE 14 – BOARD OF DIRECTORS' COMPENSATION:

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

SPECIAL REPORTS OF INDEPENDENT AUDITOR

Reginald A. Bresette, III
Limited Liability Company

Reginald A. Bresette, III, CPA

Member
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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,
Youth Empowerment Project
New Orleans, Louisiana

I 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 Youth Empowerment Project (the Company)(a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated October 11, 2017.

Internal Control Over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 the Company's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company'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 Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Reginald A. Bresette, III LLC
Certified Public Accountant

October 11, 2017

SPECIAL REPORTS OF MANAGEMENT

YOUTH EMPOWERMENT PROJECT
SUMMARY SCHEDULE OF PRIOR YEAR'S FINDINGS
For the Year Ended June 30, 2017

**SECTION I – Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements**

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2016 related to internal control over financial reporting.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the financial statements for the year June 30, 2016 .

SECTION II – Internal Control and Compliance Material to Federal Awards

The Organization did not receive federal awards in excess of \$750,000 for the year ended June 30, 2016 and therefore this is not applicable.

SECTION III – Management Letter

A management letter was not in connection with the audit of the financial statements for the year ended June 30, 2016.

YOUTH EMPOWERMENT PROJECT
MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2017

**SECTION I – Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements**

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2017 related to internal control over financial reporting.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the financial statement for the year June 30, 2017.

SECTION II – Internal Control and Compliance Material to Federal Awards

The Organization did not receive federal awards in excess of \$750,000 for the year ended June 30, 2017 and there and therefore this is not applicable.

SECTION III – Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2017.