

PRIDELINES YOUTH SERVICES, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pridelines Youth Services, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Pridelines Youth Services, Inc. (d/b/a "Pridelines") (the "Organization"), which comprise the statement of financial position as of December 31, 2017, and the related statement of activities 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 of 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 the Organization as of December 31, 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 Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 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.

A handwritten signature in blue ink that reads "Veedy-DeArman Turzillo". The signature is written in a cursive style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
April 17, 2018

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

PRIDELINES YOUTH SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash and equivalents	\$	31,079
Accounts receivable		35,198
TOTAL CURRENT ASSETS		<u>66,277</u>

Property and equipment, net		91,395
Other assets		15,707
TOTAL ASSETS	\$	<u><u>173,379</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$	8,184
TOTAL LIABILITIES		<u>8,184</u>

NET ASSETS

Unrestricted		86,980
Temporarily restricted		78,215
TOTAL NET ASSETS		<u>165,195</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>173,379</u></u>
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The accompanying notes are an integral part of these financial statements.

PRIDELINES YOUTH SERVICES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants	\$ 338,259	\$ 78,215	\$ 416,474
Contributions	146,223	-	146,223
Special events	136,009	-	136,009
Other support	33,758	-	33,758
In-kind	18,688	-	18,688
Net assets released from restrictions	40,733	(40,733)	-
TOTAL SUPPORT AND REVENUE	<u>713,670</u>	<u>37,482</u>	<u>751,152</u>
EXPENSES			
Program services	549,555	-	549,555
Supporting services	211,476	-	211,476
TOTAL EXPENSES	<u>761,031</u>	<u>-</u>	<u>761,031</u>
CHANGE IN NET ASSETS	(47,361)	37,482	(9,879)
NET ASSETS, at beginning of year	<u>134,341</u>	<u>40,733</u>	<u>175,074</u>
NET ASSETS, at end of year	<u>\$ 86,980</u>	<u>\$ 78,215</u>	<u>\$ 165,195</u>

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

PRIDELINES YOUTH SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOW FROM OPERATING ACTIVITIES

Change in net assets	\$ (9,879)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	26,512
(Increase) Decrease in operating assets:	
Accounts receivable	(4,060)
Other assets	2,677
Increase in operating liabilities:	
Accounts payable and accrued expenses	8,018
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>23,268</u>

CASH FLOW FROM INVESTING ACTIVITIES

Acquisition of property and equipment	<u>(18,281)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(18,281)</u>

NET INCREASE IN CASH 4,987

CASH, beginning of year 26,092

CASH, end of year \$ 31,079

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

**PRIDELINES YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 1 – ORGANIZATION

Organization

Pridelines Youth Services, Inc. (d/b/a “Pridelines”) (the "Organization"), with an office in Miami, Florida, was founded by gay and bisexual youth for LGBTQ youth and their allies in the wake of Anita Bryant’s “Save Our Children” campaign. Rooted in a peer-led/adult-facilitated youth group model, and with the help of Dr. Marilyn Volker, Peter Meyer and other concerned adults, the group began meeting at Miami-Dade College in 1982. The group incorporated in 1999 and opened its first drop-in center which was one of the first community-based HIV testing sites in Miami-Dade County.

In 2015, the organization shortened its name to Pridelines, expanded their mission to support, educate, and empower South Florida's LGBTQ youth and community in safe and diverse spaces to promote dialogue, wellness, and to foster social change as Miami's LGBTQ Community Center. All the decisions the Organization makes focuses on the improvement of the lives of South Florida’s LGBTQ community members, especially youth.

Celebrating its 35th year of services in 2017, Pridelines continues to provide safe space, social support, skills building, leadership development and referrals to mental health, health care and support services for LGBTQ youth, the community, and their straight allies throughout South Florida.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). The Financial Accounting Standards Board (“FASB”) implemented the Accounting Standards Codification (“ASC”) which establishes FASB ASC as the source of authoritative U.S. accounting and reporting standards for nongovernmental entities. Presented below is a summary of significant accounting principles followed in the preparation of the accompanying financial statements.

Basis of Presentation

These financial statements are prepared in accordance with FASB ASC. In accordance with these standards, net assets, revenues, expenses, gains and losses are classified as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. Funds, including contributions and grants, received by the Organization were either unrestricted or, if restricted, were expended in the year received at December 31, 2017. It is the Organization's policy to report revenues expended in the year received as unrestricted revenue. Net assets at December 31, 2017, which are not subject to donor-imposed stipulation, are accordingly classified as unrestricted in the accompanying financial statements. There were temporarily restricted net assets of \$78,215 as of December 31, 2017. There were no permanently restricted net assets as of December 31, 2017.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Organization considers all highly liquid financial instruments with maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

PRIDELINES YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment valued at \$1,000 or more are recorded at cost as property and equipment. Repairs and maintenance costs are expensed as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets.

The life used for computing depreciation and amortization is as follows:

Furniture and equipment	5 years
Leasehold improvements	Term of lease

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

Contributed property and equipment are recorded at fair value at the date of the donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as restricted support; otherwise, the contributions are recorded as unrestricted support.

Donated Services

Donated services are recognized at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its charitable mission and programs. No amounts have been recognized for these services in the accompanying statements of activities because the criteria for recognition of such volunteer efforts have not been satisfied.

Income Taxes

The Organization is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

There are no reserves held for uncertain tax positions at December 31, 2017. The Organization files Form 990 in the U.S. federal jurisdiction. The Organization generally is no longer subject to examination by the Internal Revenue Service for the years prior to 2014.

Concentration of Credit risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash maintained in financial institutions in excess of federally insured limits. The Organization generally limits the amount of credit exposure by maintaining its cash balances under these limits. Although cash balances may exceed federally insured limits at times during the year, the Organization has not experienced and does not expect to incur any losses in such amounts.

**PRIDELINES YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

Support and Revenue

Financial resources are provided by government and local agency grants, and public support revenues. It is the policy of the Organization to record the total grant amount at the time of award and defer the unexpended portion until earned. Government funds restricted by the grantor are deemed to be earned and reported as revenue when the Organization has incurred expenditures in compliance with specific restrictions.

Accounts Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Grants receivable consist primarily of state grants.

Allowance for Accounts Receivable

Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. The Organization does not believe they need an allowance for uncollectible grants receivable as of December 31, 2017.

Fair Value of Financial Instruments

The carrying amounts of cash, grants receivable, accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

Subsequent Events

The Organization has evaluated subsequent events through April 17, 2018, which is the date the financial statements were available to be issued.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2017 consisted of the following:

Furniture and equipment	\$ 16,395
Leasehold improvement	139,174
Less: Accumulated depreciation	<u>(64,174)</u>
Property and equipment, net	<u>\$ 91,395</u>

Total depreciation expense for the year ended December 31, 2017 was \$26,512.

PRIDELINES YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Organization previously leased office space through May. Monthly lease payments were approximately \$1,000 per month.

In June 2016, The Organization moved locations and entered into a new lease to rent office space. This lease expires on September 2020 and is subject to renewal. Monthly lease payments are approximately \$4,410.

The following represents the lease commitments through the life of the lease:

Years Ending December 31,

2018	54,567
2019	59,339
2020	41,496
	<u>\$ 155,402</u>

Total rental expense amounted to \$47,761 for the year ended December 31, 2017.

SUPPLEMENTARY INFORMATION

PRIDELINES YOUTH SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL
	Program	General & Administration	Fundraising	Total Supporting Services	
Salaries & Wages	\$ 308,333	\$ 36,070	\$ 51,089	\$ 87,159	\$ 395,492
Other Personnel	5,946	696	986	1,682	7,628
Payroll Taxes	23,520	2,751	3,897	6,648	30,168
Conference & Training	15,409	1,803	2,553	4,356	19,765
Staff Travel	3,617	423	599	1,022	4,639
Other Personnel Cost	81	9	13	22	103
Program Supplies & Materials	3,888	-	-	-	3,888
Program Marketing & Promotion	4,516	-	-	-	4,516
Program Support	23,397	-	-	-	23,397
Special Events	-	110	88,545	88,655	88,655
Rent & Storage	42,030	4,776	955	5,731	47,761
Administrative Cost	56,615	6,433	1,286	7,719	64,334
Maintanace & Repairs	14,331	1,629	326	1,955	16,286
Depreciation Expense	23,331	2,651	530	3,181	26,512
In-Kind Expense	16,445	1,869	374	2,243	18,688
Utilities	8,064	916	183	1,099	9,163
Miscellaneous Expense	32	4	-	4	36
TOTAL EXPENSES	\$ 549,555	\$ 60,140	\$ 151,336	\$ 211,476	\$ 761,031

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