

WINNING FUTURES  
FINANCIAL STATEMENTS  
December 31, 2017

## **Independent Auditors' Report**

To the Board of Directors of  
Winning Futures

We have audited the accompanying financial statements of Winning Futures (a Nonprofit Organization), which comprise the Statement of Financial Position as of December 31, 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.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Winning Futures 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.

*ShindelRock*

June 21, 2018

WINNING FUTURES  
STATEMENT OF FINANCIAL POSITION

Year Ended December 31, 2017

**ASSETS**

Current Assets	
Cash	\$ 466,038
Marketable Securities	1,426,929
Inventory	1,285
Prepaid Expenses	<u>7,200</u>
Total Current Assets	1,901,452
Property and Equipment	
Equipment	18,760
Leashold Improvements	4,995
Less Accumulated Depreciation	<u>(13,617)</u>
Net Property and Equipment	<u>10,138</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 1,911,590</u></u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts Payable	\$ 5,795
Accrued Liabilities	937
Accrued Wages and Payroll Taxes	<u>42,577</u>
Total Current Liabilities	<u>49,309</u>
<b>TOTAL LIABILITIES</b>	49,309
Net Assets	
Unrestricted	1,366,120
Temporarily Restricted	<u>496,161</u>
Total Net Assets	<u>1,862,281</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 1,911,590</u></u></b>

The Accompanying Notes and Independent Auditors' Report  
Should be Read with these Financial Statements

WINNING FUTURES  
STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

**UNRESTRICTED NET ASSETS**

Unrestricted Revenue, Gains & Other Support

Contributions	\$ 363,639
Grants	47,848
Donated Goods and Services	387,215
Program Service Fees - net of costs	194,639
Special Events	428,671
Investment Income	<u>138,853</u>

**Total Unrestricted Revenue and Gains** 1,560,865

Net Assets Released from Restrictions 328,458

**Total Unrestricted Revenue, Gains and Other Support** 1,889,323

Expenses

Program Services:

Education and Training 1,248,135

Supporting Services:

Fund Raising 223,724

General Management 69,053

Total Expenses 1,540,912

**Increase in Unrestricted Net Assets** 348,411

**TEMPORARILY RESTRICTED NET ASSETS**

Contributions \$ 394,239

Grants 41,250

Net Assets Released from Restrictions (328,458)

**Increase in Restricted Net Assets** 107,031

**Increase in Net Assets** 455,442

**NET ASSETS - Beginning of Year** 1,406,839

**NET ASSETS - End of Year** \$ 1,862,281

WINNING FUTURES  
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Mentoring and Training</u>	<u>Fundraising</u>	<u>General Management</u>	
Salaries and Related Expenses				
Officers and Directors Salaries	\$ 52,610	\$ 36,511	\$ 12,383	\$ 101,504
Salaries and Wages - Other	504,209	60,845	8,815	573,869
Employee Benefits	36,686	-	-	36,686
Payroll Taxes	54,934	9,546	2,047	66,527
Salaries and Related Expenses	<u>648,439</u>	<u>106,902</u>	<u>23,245</u>	<u>778,586</u>
Accounting Fees	-	-	8,500	8,500
Advertising Expenses	14,249	560	1,047	15,857
Awards and Grants - Individuals	33,154	-	-	33,154
Conference, Convention and Meetings	2,472	-	100	2,572
Contracts - Program-related	95,355	-	-	95,355
Depreciation	-	-	2,135	2,135
Donated Facilities	38,000	-	-	38,000
Donated Materials and Supplies	4,909	33,588	-	38,497
Donated Services	280,772	12,131	17,815	310,718
Equipment Rental	2,112	-	-	2,112
Insurance - Non-employee	2,819	-	5,297	8,116
Membership Dues - Organization	5,700	-	-	5,700
Merchant Credit Card Fees	517	4,304	5	4,826
Other Expenses	2,306	1,400	30	3,736
Postage	3,424	300	444	4,169
Printing and Copying	7,239	-	-	7,239
Professional Fees - Other	36,713	-	8,745	45,458
Software Subscriptions	5,769	-	193	5,961
Supplies	45,406	62,722	440	108,568
Telephone and Telecommunications	400	-	-	400
Temporary Help - Contract	2,800	-	100	2,900
Travel and Meetings Expense - Other	13,227	1,817	845	15,889
Volunteer Background Checks	2,353	-	111	2,464
<b>Total Expense</b>	<u><u>\$ 1,248,135</u></u>	<u><u>\$ 223,724</u></u>	<u><u>\$ 69,053</u></u>	<u><u>\$ 1,540,912</u></u>

The Accompanying Notes and Independent Auditors' Report  
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WINNING FUTURES  
STATEMENT OF CASH FLOWS

Year Ended December 31, 2017

	<u>2017</u>
<b>Cash Flows from Operating Activities</b>	
<b>Increase in Net Assets</b>	\$ 455,442
<b>Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities</b>	
Depreciation	2,135
Net Realized and Unrealized Gain on Marketable Securities	(113,347)
<b>(Increase) Decrease in Operating Assets</b>	
Decrease in Grant Receivable	66,690
Decrease in Inventory	3,537
Increase in Prepaid Expenses	(200)
<b>Increase (Decrease) in Operating Liabilities</b>	
Increase in Accrued Liabilities	12,059
Net Cash Provided by Operating Activities	<u>426,315</u>
<b>Cash Flows from Investing Activities</b>	
Purchases of Property and Equipment	(5,845)
Marketable Securities, net	<u>(304,516)</u>
Net Cash Used in Investing Activities	<u>(310,361)</u>
 Net Increase in Cash	 <u>115,954</u>
<b>Cash, Beginning of Year</b>	<u>350,084</u>
<b>Cash, End of Year</b>	<u><u>\$ 466,038</u></u>
<b>Supplemental Noncash Investing Activity:</b>	
Donated Stock	<u><u>\$ 10,473</u></u>

The Accompanying Notes and Independent Auditors' Report  
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WINNING FUTURES  
NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Winning Futures (the “Organization”) is a Michigan not for profit organization operating in metropolitan Detroit. The Organization operates full service mentoring programs in thirteen schools and provides college scholarships to high school students. The Organization is supported primarily through donor contributions, grants, special events and the United Way for Southeastern Michigan (“UWSEM”).

Basis of Accounting - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Cash - For purposes of the statement of cash flows, cash is comprised of the Organization’s cash in a financial institution.

Concentration of Credit Risk -The Organization maintained cash balances in bank accounts which are federally insured. The Organization monitors cash balances and should the balance exceed federally insured limits believes the risk associated with this concentration is minimal. At December 31, 2017 the Organization had no uninsured balances.

Marketable Securities - The Organization values marketable securities at their fair values in the Statement of Financial Position. The securities consist of investments in mutual funds and common stock. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income is treated as an increase in Unrestricted Net Assets, unless it is specifically restricted.

Inventory - Inventory is valued at cost which approximates net realizable value..

Property and Equipment - Purchased furniture and equipment are carried at cost. The Organization has no property and equipment acquired with explicit restrictions. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Useful lives are as follows:

Equipment	3-5 years
Leasehold Improvements	10 years

Depreciation expense totaled \$2,135 for the year ended December 31, 2017.

Donated Revenue and Support - Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted 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 is met in the reporting period in which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.



WINNING FUTURES  
NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES –  
CONTINUED

Donated Services - Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services relating to mentoring and training, in the amount of \$280,772 are included in contributions and the corresponding program expenses for the year ended December 31, 2017. Such services related to training provided by professional service organizations and trained mentors. Donated services relating to general management and fundraising in the amount of \$29,946 are included in contributions and the corresponding support service expenses for the year ended December 31, 2017. Such services mainly related to payroll and help desk services provided by outside professional service companies.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service (“IRS”) as a corporation. Management of the Organization believes that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

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.

Advertising - Advertising costs are charged to expense as incurred. Advertising expense totaled \$15,856 for the year ended December 31, 2017.

NOTE 2 – BOARD DESIGNATED FUND

The Organization’s Governing Board (the “Board”) approved the establishment of a designated fund. The purpose of the fund is to segregate funds for investment and growth. The Board adopted a policy whereby a portion of otherwise unrestricted contributions made to the Organization are added to the fund at the Board’s discretion. The Board has the right to vote on the use of these funds. It is the goal of the Board to invest with moderate–aggressive level of risk with a goal of a 7-10% return. During 2017 \$180,000 was transferred to the designated fund. Interest and dividends are included in the transfer. The balance in the designated fund totals \$1,042,396 at December 31, 2017.

WINNING FUTURES  
NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE 3 – RESTRICTIONS ON NET ASSETS

At December 31, 2017 the Organization has \$496,161 of temporarily restricted net assets available for mentoring programs, operations, workbook expansion, scholarships and fundraising to be used in the next year.

NOTE 4 – INVESTMENT INCOME

The fair value of short-term investments totaled \$1,426,929 as of December 31, 2017. The following schedule summarizes investment returns and their classification in the Statement of Activities for the year ended December 31, 2017:

Interest and Dividend Income	\$ 25,451
Net Realized and Unrealized Losses	<u>113,347</u>
Total Investment Return	<u><u>\$ 138,798</u></u>

Investment management fees totaled \$5,951 for the year ended December 31, 2017.

NOTE 5 – FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs were not available.

WINNING FUTURES  
NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE 5 – FAIR VALUE MEASUREMENTS - CONTINUED

The following table sets forth, by level within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2017:

	<u>Fair Value</u>	<u>Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Money Market Funds	\$ 144,929	\$ 144,929
Common Stock	209,098	209,098
Mutual Funds	<u>1,072,902</u>	<u>1,072,902</u>
Total	<u><u>\$1,426,929</u></u>	<u><u>\$ 1,426,929</u></u>

NOTE 6 – RELATED PARTIES

A board member is an employee of the Organization's financial institution. No board compensation was paid to this board member.

NOTE 7 – CONTINGENCY

An employee leasing company (PEO) administers the Organization's payroll and related benefits. The Organization remits payments to the PEO for payroll, taxes, insurance and other costs. Payments to the PEO for salaries and wages through December 31, 2017 totaled \$707,276 of which approximately \$58,440 were for payroll taxes. The Organization is contingently liable in the event that any of its workforce costs are not satisfied by the PEO.

WINNING FUTURES  
NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE 8 – CONCENTRATION OF RISK

Approximately 10% of the Organization's support for the year ended December 31, 2017 came from allocations from United Way of Southeastern Michigan.

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 21, 2018 the date which the financial statements were available to be issued.