

Pittsburgh Urban Magnet Project

Financial Statements

Years Ended December 31, 2014 and 2013
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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PITTSBURGH URBAN MAGNET PROJECT

YEARS ENDED DECEMBER 31, 2014 AND 2013

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Independent Auditor's Report

Board of Directors
Pittsburgh Urban Magnet Project

We have audited the accompanying financial statements of Pittsburgh Urban Magnet Project (Organization), a nonprofit organization, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Comparative Information

The Organization's 2013 financial statements were audited by other auditors, and in their report dated November 11, 2014, they expressed an unmodified opinion on those audited financial statements. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mahe Duessel

Pittsburgh, Pennsylvania
November 5, 2015

PITTSBURGH URBAN MAGNET PROJECT

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets		
<hr/>		
Current assets:		
Cash and cash equivalents	\$ 66,186	\$ 169,081
Accounts and pledges receivable	38,480	11,039
Prepaid expenses	<u>26,587</u>	<u>23,902</u>
Total current assets	<u>131,253</u>	<u>204,022</u>
Equipment, net	<u>12,645</u>	<u>15,175</u>
Total Assets	<u><u>\$ 143,898</u></u>	<u><u>\$ 219,197</u></u>
Liabilities and Net Assets		
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Current Liabilities:		
Accounts payable and accrued expenses	\$ 15,699	\$ 87,399
Deferred revenue	<u>106,445</u>	<u>71,891</u>
Total current liabilities	<u>122,144</u>	<u>159,290</u>
Net Assets:		
Unrestricted	<u>21,754</u>	<u>59,907</u>
Total Liabilities and Net Assets	<u><u>\$ 143,898</u></u>	<u><u>\$ 219,197</u></u>

See accompanying notes to financial statements.

PITTSBURGH URBAN MAGNET PROJECT

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Change in Unrestricted Net Assets:		
Revenue and support:		
Program service fees	\$ 897,561	\$ 817,935
Special events	45,609	42,532
Sponsorships	50,272	58,722
Donated materials and services	6,867	9,511
Contributions	16,489	6,432
Membership dues	11,338	4,595
Interest and other income	2,717	2,576
Net assets released from restrictions	-	25,075
	<u>1,030,853</u>	<u>967,378</u>
Expenses:		
Program services	965,293	853,284
General and administrative	82,565	88,676
Fundraising	21,148	16,317
	<u>1,069,006</u>	<u>958,277</u>
Change in Unrestricted Net Assets	<u>(38,153)</u>	<u>9,101</u>
Change in Temporarily Restricted Net Assets:		
Grants and contributions	-	25,075
Net assets released from restrictions	-	(25,075)
	<u>-</u>	<u>-</u>
Change in Temporarily Restricted Net Assets	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(38,153)</u>	<u>9,101</u>
Net Assets:		
Beginning of year	<u>59,907</u>	<u>50,806</u>
End of year	<u>\$ 21,754</u>	<u>\$ 59,907</u>

See accompanying notes to financial statements.

PITTSBURGH URBAN MAGNET PROJECT

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2014

	Program Services		Total Program Services Expenses	Support Services		Total Support Services	Total
	Membership and Events	Pittsburgh Sports League		General and Administrative	Fundraising		
Salaries	\$ 84,455	\$ 129,077	\$ 213,532	\$ 16,025	\$ 16,357	\$ 32,382	\$ 245,914
Benefits and payroll taxes	14,644	25,554	40,198	10,644	1,388	12,032	52,230
Contracted services	23,502	176,169	199,671	38,240	126	38,366	238,037
Office and facilities rental	10,351	263,158	273,509	1,188	656	1,844	275,353
Equipment, supplies, and maintenance	3,731	33,638	37,369	607	283	890	38,259
Depreciation	1,125	2,196	3,321	205	112	317	3,638
Travel and meetings	1,798	5,479	7,277	3,890	-	3,890	11,167
Insurance	-	52,977	52,977	3,352	-	3,352	56,329
T-shirts	455	74,628	75,083	-	-	-	75,083
Other expenses	19,152	43,204	62,356	8,414	2,226	10,640	72,996
	\$ 159,213	\$ 806,080	\$ 965,293	\$ 82,565	\$ 21,148	\$ 103,713	\$ 1,069,006

See accompanying notes to financial statements.

PITTSBURGH URBAN MAGNET PROJECT

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2013

	<u>Program Services</u>		Total Program Services Expenses	<u>Support Services</u>		Total Support Services	Total
	Membership and Events	Pittsburgh Sports League		General and Administrative	Fundraising		
Salaries	\$ 74,797	\$ 108,163	\$ 182,960	\$ 13,921	\$ 13,621	\$ 27,542	\$ 210,502
Benefits and payroll taxes	16,458	21,826	38,284	6,600	1,344	7,944	46,228
Contracted services	27,407	171,763	199,170	48,218	321	48,539	247,709
Office and facilities rental	5,808	227,678	233,486	7,390	411	7,801	241,287
Equipment, supplies, and maintenance	262	14,766	15,028	685	29	714	15,742
Depreciation	2,130	3,764	5,894	924	284	1,208	7,102
Travel and meetings	1,354	5,443	6,797	2,786	-	2,786	9,583
Insurance	-	35,139	35,139	4,664	-	4,664	39,803
T-shirts	-	70,803	70,803	-	-	-	70,803
Other expenses	17,989	47,734	65,723	3,488	307	3,795	69,518
	<u>\$ 146,205</u>	<u>\$ 707,079</u>	<u>\$ 853,284</u>	<u>\$ 88,676</u>	<u>\$ 16,317</u>	<u>\$ 104,993</u>	<u>\$ 958,277</u>

See accompanying notes to financial statements.

PITTSBURGH URBAN MAGNET PROJECT

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ (38,153)	\$ 9,101
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,638	7,102
Change in:		
Accounts and pledges receivable	(27,441)	(1,948)
Prepaid expenses	(2,685)	(20,856)
Accounts payable and other liabilities	(71,700)	81,958
Deferred revenue	34,554	(4,566)
	<u>(101,787)</u>	<u>70,791</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of property and equipment	<u>(1,108)</u>	<u>(15,375)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(102,895)	55,416
<u>Cash and Cash Equivalents:</u>		
Beginning of year	<u>169,081</u>	<u>113,665</u>
End of year	<u><u>\$ 66,186</u></u>	<u><u>\$ 169,081</u></u>

See accompanying notes to financial statements.

PITTSBURGH URBAN MAGNET PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

1. ORGANIZATION

Pittsburgh Urban Magnet Project (PUMP) incorporated as a nonprofit corporation under the laws of the Commonwealth of Pennsylvania on October 28, 1996.

PUMP's mission is to make Pittsburgh the most dynamic and diverse place by inspiring young and young-thinking people to affect change in our community through professional development, civic engagement, and social networking. PUMP carries out its mission by sponsoring social functions, special events, and the activities of the Pittsburgh Sports League, allowing young people an opportunity to meet and share ideas on ways to promote the region.

PUMP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues and support are recorded when earned and expenses are recognized when the liabilities are incurred.

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 the reported amount of assets and liabilities and disclosures 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 may differ from those estimates.

Basis of Net Assets

Contributions received, including unconditional promises to give, are recognized as increases in net assets in the period received at their fair values. PUMP displays its activities and net assets into three classes as follows: unrestricted, temporarily restricted, and permanently restricted.

PITTSBURGH URBAN MAGNET PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of PUMP and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. PUMP does not currently have temporarily restricted net assets for the years ended December 31, 2014 and 2013.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that must be maintained permanently by PUMP. Generally, the donors of these assets permit the use of all or part of the income earned and capital gains, if any, on related investments for general or specific purposes. PUMP does not currently have permanently restricted net assets for the years ended December 31, 2014 and 2013.

Revenue Recognition

Revenue is recognized when earned. Revenues from Pittsburgh Sports League fees are reported in the fiscal year in which the sports leagues are held. Winter sports leagues typically run from January through March and are typically collected prior to the beginning of the session. The portion of the winter sports league fees that are collected prior to year-end are reported as deferred revenue at December 31 of each year, as they relate to the upcoming calendar year.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

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 purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

PITTSBURGH URBAN MAGNET PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

Cash and Cash Equivalents

PUMP considers all highly liquid investments with original maturities of less than three months as cash equivalents. Substantially all of PUMP's cash and cash equivalents are held or invested at two financial institutions. Although the Organization maintains cash balances in excess of federally insured limits, they have not historically experienced any credit loss.

Equipment

Equipment is recorded at cost when purchased. Depreciation of equipment is provided by the straight-line method over the estimated useful lives of the assets.

Maintenance and repairs which are not considered to extend the useful lives of assets are charged to operations as incurred. Expenditures for additions and improvements are capitalized. Upon sale or retirement, the cost of assets and related allowances are removed from the accounts and any resulting gains or losses are included in income (expense) for the year.

Accounts Receivable

Accounts receivable consist primarily of amounts due from the Pittsburgh Sports League and sponsorships. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance for doubtful accounts receivable deemed necessary at December 31, 2014 and 2013.

Pledges Receivable

Unconditional promises to give are recognized as revenues or gains in the period received as assets (pledges receivable), decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. No pledges receivable were recorded at December 31, 2014 and 2013.

PITTSBURGH URBAN MAGNET PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

In-Kind Support

Donated materials and services are reflected in the statements of activities at their estimated values at date of receipt. In-kind support, which consists of various materials and services, is primarily charged to program expenses. There was \$6,867 and \$9,511 of donated services revenue and expense recorded in 2014 and 2013, respectively.

PUMP also receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statements of activities because these volunteer efforts do not meet the following recognition criteria: create or enhance a non-financial asset, or require specialized skills that are provided by entities or persons possessing these skills and would be purchased if they were not donated.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. EQUIPMENT

Equipment consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Office equipment	\$ 27,639	\$ 26,531
Computer equipment	<u>30,675</u>	<u>30,675</u>
	58,314	57,206
Less: accumulated depreciation	<u>(45,669)</u>	<u>(42,031)</u>
Total equipment, net	<u>\$ 12,645</u>	<u>\$ 15,175</u>

Depreciation expense was \$3,638 and \$7,102 for the years ended December 31, 2014 and 2013, respectively.

PITTSBURGH URBAN MAGNET PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

4. LINE OF CREDIT

PUMP has a line-of-credit agreement with a bank providing for borrowings of up to \$15,000. The line is renewed through August 13, 2016. The outstanding borrowings under the line are payable on demand and bear interest at prime (3.25% at December 31, 2014) plus 5%. There was no outstanding balance on the line of credit at December 31, 2014 and 2013.

5. LEASES

In March 2013, PUMP entered into a sixty-two month operating lease for new office space which commenced on August 1, 2013. The lease expires on September 30, 2018. Rent expense was approximately \$20,600 and \$10,200 for the years ended December 31, 2014 and 2013, respectively.

Future rental payments on the operating leases are approximately:

<u>Year Ending December 31</u>	<u>Amount</u>
2015	\$ 18,950
2016	19,088
2017	19,500
2018	<u>15,375</u>
	<u>\$ 72,913</u>

6. BENEFIT PLAN

PUMP has a 408(k) Simplified Employee Pension plan (plan) covering all eligible employees. PUMP matches employee contributions to the plan at 6% of gross monthly salary. PUMP's contribution to the plan was \$12,223 and \$9,572, respectively, for the years ended December 31, 2014 and 2013.