

Pittsburgh Urban Magnet Project

Financial Statements

Years Ended December 31, 2015 and 2014
with Independent Auditor's Report

MaherDuessel
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PITTSBURGH URBAN MAGNET PROJECT

YEARS ENDED DECEMBER 31, 2015 AND 2014

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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 statements of financial position as of December 31, 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.

Auditor's 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. 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 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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Maher Duessel

Pittsburgh, Pennsylvania
July 20, 2016

PITTSBURGH URBAN MAGNET PROJECT

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<hr/> Assets <hr/>		
Current assets:		
Cash and cash equivalents	\$ 101,661	\$ 66,186
Accounts and pledges receivable	72,069	38,480
Prepaid expenses	<u>25,465</u>	<u>26,587</u>
Total current assets	<u>199,195</u>	<u>131,253</u>
Equipment, net	<u>15,248</u>	<u>12,645</u>
Total Assets	<u><u>\$ 214,443</u></u>	<u><u>\$ 143,898</u></u>
<hr/> Liabilities and Net Assets <hr/>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 16,489	\$ 15,699
Deferred revenue	<u>118,559</u>	<u>106,445</u>
Total Liabilities	<u>135,048</u>	<u>122,144</u>
Net Assets:		
Unrestricted	29,395	21,754
Temporarily restricted	<u>50,000</u>	<u>-</u>
Total Net Assets	<u>79,395</u>	<u>21,754</u>
Total Liabilities and Net Assets	<u><u>\$ 214,443</u></u>	<u><u>\$ 143,898</u></u>

See accompanying notes to financial statements.

PITTSBURGH URBAN MAGNET PROJECT

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Change in Unrestricted Net Assets:</u>		
Revenue and support:		
Program service fees	\$ 960,070	\$ 897,561
Special events	50,840	45,609
Sponsorships	67,506	50,272
Donated materials and services	8,432	6,867
Contributions	15,764	16,489
Membership dues	43,483	11,338
Interest and other income	2,768	2,717
	<u>1,148,863</u>	<u>1,030,853</u>
Expenses:		
Program services	1,038,494	965,293
General and administrative	84,225	82,565
Fundraising	18,503	21,148
	<u>1,141,222</u>	<u>1,069,006</u>
Change in Unrestricted Net Assets	<u>7,641</u>	<u>(38,153)</u>
<u>Change in Temporarily Restricted Net Assets:</u>		
Grants and contributions	<u>50,000</u>	<u>-</u>
Change in Net Assets	57,641	(38,153)
<u>Net Assets:</u>		
Beginning of year	<u>21,754</u>	<u>59,907</u>
End of year	<u>\$ 79,395</u>	<u>\$ 21,754</u>

See accompanying notes to financial statements.

PITTSBURGH URBAN MAGNET PROJECT

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015

	Program Services		Total Program Services Expenses	Support Services		Total Support Services	Total
	Membership and Events	Pittsburgh Sports League		General and Administrative	Fundraising		
Salaries	\$ 86,994	\$ 137,778	\$ 224,772	\$ 26,056	\$ 12,199	\$ 38,255	\$ 263,027
Benefits and payroll taxes	15,139	28,140	43,279	12,479	514	12,993	56,272
Contracted services	26,247	191,334	217,581	29,927	2,073	32,000	249,581
Office and facilities rental	7,536	283,157	290,693	3,155	1,601	4,756	295,449
Equipment, supplies, and maintenance	3,042	40,144	43,186	758	245	1,003	44,189
Depreciation	1,177	3,024	4,201	226	135	361	4,562
Travel and meetings	3,558	7,642	11,200	2,945	18	2,963	14,163
Insurance	-	49,638	49,638	4,542	-	4,542	54,180
T-shirts	2,209	72,846	75,055	-	-	-	75,055
Other expenses	29,404	49,485	78,889	4,137	1,718	5,855	84,744
	\$ 175,306	\$ 863,188	\$ 1,038,494	\$ 84,225	\$ 18,503	\$ 102,728	\$ 1,141,222

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

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 57,641	\$ (38,153)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,562	3,638
Change in:		
Accounts and pledges receivable	(33,589)	(27,441)
Prepaid expenses	1,122	(2,685)
Accounts payable and accrued expenses	790	(71,700)
Deferred revenue	12,114	34,554
	<u>42,640</u>	<u>(101,787)</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of equipment	<u>(7,165)</u>	<u>(1,108)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	35,475	(102,895)
<u>Cash and Cash Equivalents:</u>		
Beginning of year	<u>66,186</u>	<u>169,081</u>
End of year	<u><u>\$ 101,661</u></u>	<u><u>\$ 66,186</u></u>

See accompanying notes to financial statements.

PITTSBURGH URBAN MAGNET PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

1. ORGANIZATION

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

Founded in 1996, PUMP is a membership organization with a mission to make Pittsburgh the most dynamic and diverse place by engaging, educating, and mobilizing all young people to effect change in our community. Our vision is to see a Pittsburgh where young people have an active role in advocating and caring for our City, making Pittsburgh the first choice for everyone to live, work, and play. Each year, PUMP serves over 25,000 young people through civic, social, and charitable programming. More information can be found at www.pump.org.

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.

PITTSBURGH URBAN MAGNET PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

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 has temporarily restricted net assets of \$50,000 and \$0 for the years ended December 31, 2015 and 2014, respectively. The restriction relates toward building internal staff capacity and organizational capabilities.

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, 2015 and 2014.

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

PITTSBURGH URBAN MAGNET PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

assets and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

PUMP maintains its cash accounts at a single financial institute. The balances, at times, may exceed federally insured limits. The FDIC insures up to \$250,000 of these accounts within each individual bank. At December 30, 2015 and 2014, respectively, PUMP did not have cash on deposit exceeding the insured limit.

Equipment

Equipment is recorded at cost when purchased if it exceeds the capitalization threshold of \$500. 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, 2015 and 2014.

Pledges Receivable

PUMP records the receivable for unconditional pledges and corresponding revenue, at estimate net realizable value when the commitment is made. Pledges are recorded based on written commitments from the donors. Pledges receivable are \$25,000 and \$0 at December 31, 2015 and 2014, respectively. The full pledge is expected to be received during 2016 and no allowance is recorded.

PITTSBURGH URBAN MAGNET PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

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 \$8,432 and \$6,867 of donated services revenue and expense recorded in 2015 and 2014, 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.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, personnel costs have been allocated among the programs and supporting services benefited based on the time spent on each activity.

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>2015</u>	<u>2014</u>
Office equipment	\$ 34,804	\$ 27,639
Computer equipment	<u>30,675</u>	<u>30,675</u>
	65,479	58,314
Less: accumulated depreciation	<u>(50,231)</u>	<u>(45,669)</u>
Total equipment, net	<u><u>\$ 15,248</u></u>	<u><u>\$ 12,645</u></u>

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

Depreciation expense was \$4,562 and \$3,638 for the years ended December 31, 2015 and 2014, respectively.

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, 2015) plus 5%. There was no outstanding balance on the line of credit at December 31, 2015 and 2014.

5. LEASES

In March 2013, PUMP entered into a sixty-two month operating lease for office space which commenced on August 1, 2013. Subsequent to year-end, PUMP signed a lease amendment which increased their office space and rent payments. In May 2016, PUMP moved to their new location. The new lease amendment is in effect for the remainder of the original lease. Rent expense was approximately \$18,950 and \$21,350 for the years ended December 31, 2015 and 2014, respectively.

Future rental payments under the terms of the amended lease are approximately:

<u>Year Ending December 31</u>	<u>Amount</u>
2016	\$ 26,000
2017	30,000
2018	22,500
	<u>\$ 78,500</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 \$15,483 and \$12,223, respectively, for the years ended December 31, 2015 and 2014.
