

**ORLANDO COMMUNITY
& YOUTH TRUST, INC.**

Orlando, Florida

FINANCIAL STATEMENTS

Year Ended September 30, 2010

ORLANDO COMMUNITY & YOUTH TRUST, INC.

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Independent Auditors' Report

To the Board of Directors
Orlando Community & Youth Trust, Inc.
Orlando, Florida

We have audited the accompanying statement of financial position of Orlando Community & Youth Trust, Inc., (a not-for-profit corporation) as of September 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Orlando Community & Youth Trust, Inc.'s management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orlando Community & Youth Trust, Inc. as of September 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Averett Warmus Durkee Osburn Henning

Orlando, Florida
April 15, 2011

ORLANDO COMMUNITY & YOUTH TRUST, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2010

ASSETS

Cash and cash equivalents	\$ <u>413,734</u>
	\$ <u><u>413,734</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ <u>3,600</u>
Net Assets:	
Unrestricted	83,798
Temporarily restricted	<u>326,336</u>
Total net assets	<u><u>410,134</u></u>
	\$ <u><u>413,734</u></u>

See accompanying notes.

ORLANDO COMMUNITY & YOUTH TRUST, INC.

STATEMENT OF ACTIVITIES

Year Ended September 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support:			
Contributions	\$ 1,302	\$ 197,928	\$ 199,230
Grants	-	50,000	50,000
Fundraisers	-	188,678	188,678
Investment income	80	-	80
Net assets released from restrictions	<u>507,225</u>	<u>(507,225)</u>	<u>-</u>
Total revenues and other support	<u>508,607</u>	<u>(70,619)</u>	<u>437,988</u>
Expenses:			
Program services:			
City Kidz/Parramore Kidz Zone	378,554	-	378,554
Recreation center support	49,537	-	49,537
10,000 Trees Initiative	720	-	720
Older adult programs	1,085	-	1,085
MLK Commission	40,583	-	40,583
Other program expenses	<u>26,193</u>	<u>-</u>	<u>26,193</u>
Total program services	<u>496,672</u>	<u>-</u>	<u>496,672</u>
Supporting services:			
Management and general	36,117	-	36,117
Fundraising	<u>12,376</u>	<u>-</u>	<u>12,376</u>
Total supporting services	<u>48,493</u>	<u>-</u>	<u>48,493</u>
Total expenses	<u>545,165</u>	<u>-</u>	<u>545,165</u>
Decrease in Net Assets	(36,558)	(70,619)	(107,177)
Net Assets, Beginning of Year	119,657	397,654	517,311
Transfer Between Funds	<u>699</u>	<u>(699)</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 83,798</u>	<u>\$ 326,336</u>	<u>\$ 410,134</u>

See accompanying notes.

ORLANDO COMMUNITY & YOUTH TRUST, INC.

STATEMENT OF CASH FLOWS

Year Ended September 30, 2010

Cash Flows From Operating Activities:	
Decrease in net assets	\$ (107,177)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Bad debt expense	24,740
Changes in:	
Contributions receivable	(24,500)
Accounts payable and accrued expenses	3,600
Net cash used in operating activities	<u>(103,337)</u>
 Net Decrease in Cash and Cash Equivalents	 (103,337)
 Cash and Cash Equivalents, Beginning of Year	 <u>517,071</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 413,734</u>
 Supplemental Cash Flow Information:	
Cash paid for interest	\$ <u>-</u>
 Cash paid for income taxes	 \$ <u>-</u>

See accompanying notes.

ORLANDO COMMUNITY & YOUTH TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

1. Summary of Significant Accounting Policies:

Nature of Activities

Orlando Community & Youth Trust, Inc. (the “Trust”) is a not-for-profit corporation established in 1994 to support the mission of the City of Orlando, Florida’s Department of Families, Parks, and Recreation (“FPR”). The Trust serves as FPR’s fundraising entity, making projects possible that are not regularly part of the department’s allocated funds. Projects and activities funded by the Trust enhance the quality of life for youth, families, and senior citizens living in the City of Orlando, Florida (the “City”). The Trust funds the following programs:

- City Kidz/Parramore Kidz Zone – In 2006, the City launched the Parramore Kidz Zone project to transform a distressed Orlando neighborhood into a healthy place for kids. The Parramore Kidz Zone employs creative outreach to engage the area’s children and link them to positive opportunities, including pre-kindergarten education, healthcare, mentoring, tutoring, and constructive activities when school is out.
- Recreation Center Support – The City of Orlando’s Recreation Division offers safe and affordable after school programs for elementary and middle school age children. This five-day a week program at fifteen city recreation centers offers a diverse array of activities, such as homework time, computer lab, arts and crafts, and nutrition and fitness. The Trust supports these programs by raising funds for supplies, equipment, and special programs.
- 10,000 Trees Initiative – The 2004 hurricane season resulted in a loss of more than 20,000 city and private trees in the City. In an effort to restore the forestry damage incurred, the City of Orlando’s Parks Division joined forces with others to launch a tree replacement strategy to keep Orlando beautiful. The 10,000 Trees Initiative is designed to replace the urban canopy in the Orlando community.
- Older Adult Programs – The City of Orlando’s Recreation Division operates two full-time older adult centers: Mayor William Beardall Center and L. Claudia Allen Center. Both centers are state-of-the-art facilities featuring fitness rooms, classrooms, computer labs, and ballrooms for dancing and special events. Thousands of adults over fifty-five participate in classes, clubs, and programs offered every month, many of which are funded by the Trust.
- MLK Commission – In 2010, the City launched the MLK Commission to plan and coordinate activities related to the Martin Luther King, Jr. holiday. The Trust supports this program by raising funds for activities, including the annual parade, related to the holiday.
- Other Programs – From time to time, the Trust provides funds for other miscellaneous recreational programs which are consistent with its mission.

ORLANDO COMMUNITY & YOUTH TRUST, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

1. Summary of Significant Accounting Policies – Continued:

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting. Contributions of cash and other assets are recognized as revenues and other support when earned or unconditionally received. Expenses are recognized when purchases of materials or services are made.

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed stipulations. In the accompanying financial statements, net assets that have similar characteristics have been combined into the following categories:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Trust is subject to donor-imposed stipulations that can be fulfilled by actions of the Trust pursuant to those stipulations or that expire by the passage of time.

Expenses are reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

Contributions

Contributions, including unconditional promises to give, are recorded as made. Unconditional promises to give due in the next year are recorded at their net realizable value. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor 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 statement of activities as net assets released from restrictions. When donor restrictions are fulfilled in the same year in which the contribution is received, the Trust reports that support as unrestricted.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of highly liquid accounts with maturities of three months or less at the time of purchase. Cash includes restricted amounts of \$326,336. Some portions of cash are not restricted as donors or contributors have not stipulated restrictions on this cash.

Board Designated Funds

The Board has designated that the Trust designate a \$50,000 donation received in a prior year to be used evenly between the recreation division, the parks division, and Lake Eola Park. As of September 30, 2010, the Trust has used \$1,823 for the designated purposes, and \$48,177 remains designated by the Board.

ORLANDO COMMUNITY & YOUTH TRUST, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

1. Summary of Significant Accounting Policies – Continued:

Contributions Receivable and Allowance for Doubtful Accounts

During the year ended September 30, 2010, the Trust held a fundraiser for the City Kidz/Parramore Kidz Zone (“PKZ”) program. Contributions receivable consisted of unconditional promises to give that are restricted for the PKZ program and are due within one year.

Contributions receivable are stated net of an allowance for doubtful accounts. The Trust provides for estimated future losses to be incurred due to uncollectible contributions receivable. A portion of contributions receivable which are considered delinquent are charged against the allowance when all collection efforts have been exhausted. Factors which influence management’s judgment in determining the appropriate allowance for doubtful accounts, and for charging off uncollectible accounts, include past collection history and analysis on a case-by-case basis. For the year ended September 30, 2010, all remaining contributions receivable were deemed to be uncollectible, and therefore were written off. As a result, there is no allowance for doubtful accounts as of September 30, 2010, and bad debt expense was \$24,740 for the year ended September 30, 2010.

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 supporting services benefited.

The Trust is operated by the City of Orlando, Florida. As a result, certain administrative and functional services are provided by the City.

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.

Income Taxes

The Trust is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Therefore, no provision for income taxes has been included in the accompanying financial statements.

The Trust has no temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. Accordingly, no deferred tax assets or liabilities are recorded.

Management analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported. Additionally, management believes that no accruals for tax liabilities related to uncertain income tax positions are required. Therefore, no reserves for uncertain tax positions have been recorded.

ORLANDO COMMUNITY & YOUTH TRUST, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

1. Summary of Significant Accounting Policies – Continued:

Income Taxes – Continued

There have been no increases or decreases in unrecognized tax benefits for current or prior years. Further, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, interest and penalties will be reported as income tax expense. The periods that remain open to examination under federal statute are 2007 through 2010.

Subsequent Events

The Trust has evaluated subsequent events through April 15, 2011, the date which the financial statements were available to be issued.

2. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes at September 30, 2010:

City Kidz/Parramore Kidz Zone	\$	171,889
Recreation center support		47,356
10,000 Trees Initiative		15,721
Older adult programs		613
MLK Commission		13,517
Bike park		50,000
Other programs		<u>27,240</u>
Total temporarily restricted net assets	\$	<u><u>326,336</u></u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows at September 30, 2010:

Restrictions Released:		
City Kidz/Parramore Kidz Zone	\$	390,930
Recreation center support		1,085
10,000 Trees Initiative		720
Older adult programs		49,537
MLK Commission		40,583
Other programs		<u>24,370</u>
Total restrictions released	\$	<u><u>507,225</u></u>

ORLANDO COMMUNITY & YOUTH TRUST, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. Temporarily Restricted Net Assets – Continued:

During the year ended September 30, 2010, \$699 which had been restricted by donors was released from restriction and transferred to unrestricted net assets.

3. Related Party Transactions:

Several members of the Board are City employees.

4. Commitments and Contingencies:

Concentrations of Credit Risk

Financial instruments which potentially expose the Trust to concentrations of credit risk, as defined by accounting principles generally accepted in the United States of America, consist primarily of cash and cash equivalents in excess of amounts insured by the Federal Deposit Insurance Corporation. The Trust evaluates the financial stability of its depositories and considers the risk of loss to be remote.

Support and Revenue

The Trust received the majority of its support from individuals and companies located in Central Florida. Since the Trust receives a substantial amount of its support from one geographic area, a significant reduction in the level of this support, if it were to occur, may have an effect on its activities.

Grants and contributions may require the fulfillment of certain conditions set forth in the agreement. Failure to fulfill or comply with the conditions could result in the return of funds to the grantee or donor. Although it is a possibility, the Board of Directors considers the contingency remote, since by accepting the grants and contributions it has accommodated the objectives of the Trust to the provisions of the grant or contribution.

Litigation

In the course of its business, the Trust may be party to claims, torts, and other actions against it. Management evaluates the validity of such actions and acts accordingly. In the opinion of management, these matters are not anticipated to have a material financial impact on the Trust.