

Right Moves for Youth, Inc.

Financial Statements

June 30, 2023

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RIGHT MOVES FOR YOUTH, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Right Moves for Youth, Inc.
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of Right Moves for Youth, Inc. (the "Organization" - a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Right Moves for Youth, Inc. as of June 30, 2023, 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.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Right Moves for Youth, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Right Moves for Youth, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Right Moves for Youth, Inc.
Charlotte, North Carolina

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of Right Moves for Youth, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Right Moves for Youth, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foard & Company, P.A.
October 24, 2023

RIGHT MOVES FOR YOUTH, INC.**Statement of Financial Position****June 30, 2023, with prior year comparative totals**

	June 30,	
	2023	2022
<u>ASSETS</u>		
Cash	\$ 709,116	\$ 807,039
Grants receivable	169,452	41,861
Sales tax receivable	2,087	1,511
Prepaid expenses	19,065	10,663
Rental deposit	-	2,400
Operating right of use	59,060	76,426
Property and Equipment:		
Equipment	-	9,861
Furniture and fixtures	41,097	58,488
Less - accumulated depreciation	(8,219)	(31,361)
<u>TOTAL ASSETS</u>	\$ 991,658	\$ 976,888
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 35,845	\$ 25,515
Payroll liabilities	1,566	10,978
Operating lease liability	71,796	89,476
Refundable advance liability	35,964	59,944
<u>Total Liabilities</u>	145,171	185,913
Net Assets:		
Without donor restrictions	746,019	769,975
With donor restrictions	100,468	21,000
<u>Total Net Assets</u>	846,487	790,975
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 991,658	\$ 976,888

RIGHT MOVES FOR YOUTH, INC.**Statement of Activities****Year Ended June 30, 2023, with prior year comparative totals**

	Year ended June 30, 2023			Prior Year Comparative Totals
	Without Donor Restrictions	With Donor Restrictions	TOTALS	
<u>SUPPORT AND REVENUE</u>				
Grants	\$ 610,717	\$ 99,468	\$ 710,185	\$ 455,624
Contributions	244,853	-	244,853	348,233
In-kind contributions	12,728	-	12,728	13,336
Special events (net of \$59,077 direct benefit)	64,189	-	64,189	73,670
Loss on disposal of assets	-	-	-	(3,270)
Other income	15,522	-	15,522	1,248
<hr/>				
Net assets released from restrictions:				
Restrictions satisfied by purpose	20,000	(20,000)	-	-
<i>Total Support and Revenue</i>	968,009	79,468	1,047,477	888,841
<hr/>				
<u>EXPENSES</u>				
Program services	721,892	-	721,892	591,498
Management and general	95,740	-	95,740	142,173
Fundraising	174,333	-	174,333	131,591
<i>Total Expenses</i>	991,965	-	991,965	865,262
CHANGE IN NET ASSETS	(23,956)	79,468	55,512	23,579
NET ASSETS, BEGINNING	769,975	21,000	790,975	767,396
NET ASSETS, ENDING	\$ 746,019	\$ 100,468	\$ 846,487	\$ 790,975

RIGHT MOVES FOR YOUTH, INC.

Statement of Functional Expenses

Year Ended June 30, 2023, with prior year comparative totals

	Year ended June 30, 2023				Prior Year Comparative Totals
	Program Services	Management and General	Fundraising	TOTALS	
<i>PERSONNEL</i>					
Salaries	\$ 400,535	\$ 50,842	\$ 115,543	\$ 566,920	\$ 452,935
Payroll taxes	35,420	4,496	10,218	50,134	36,530
Benefits	27,408	3,479	7,906	38,793	40,913
<i>Total</i>	<i>463,363</i>	<i>58,817</i>	<i>133,667</i>	<i>655,847</i>	<i>530,378</i>
<i>OTHER EXPENSES</i>					
Club funding	138,168	-	-	138,168	135,610
Insurance	8,563	2,519	468	11,550	12,094
Events	-	-	59,077	59,077	49,440
Rent	31,110	6,223	4,148	41,481	65,458
Telecommunications	3,682	736	491	4,909	4,471
Contracted services	2,751	11,290	792	14,833	12,147
Technology	19,902	3,980	2,654	26,536	28,092
Training and personnel costs	3,584	22	50	3,656	6,682
Development	-	-	24,743	24,743	30,086
Meetings	19,849	2,647	3,970	26,466	1,844
Other costs	3,451	4,816	1,539	9,806	13,093
Travel	13,114	-	-	13,114	5,172
Office supplies	6,864	4,074	910	11,848	14,023
Depreciation	3,083	616	411	4,110	4,928
Marketing	4,408	-	490	4,898	3,184
<i>Total</i>	<i>258,529</i>	<i>36,923</i>	<i>99,743</i>	<i>395,195</i>	<i>386,324</i>
<i>TOTAL EXPENSES</i>	<i>721,892</i>	<i>95,740</i>	<i>233,410</i>	<i>1,051,042</i>	<i>916,702</i>
Less - Special Events Costs					
Deducted from Revenue	-	-	59,077	59,077	49,440
<i>TOTAL EXPENSES</i>	<i>\$ 721,892</i>	<i>\$ 95,740</i>	<i>\$ 174,333</i>	<i>\$ 991,965</i>	<i>\$ 867,262</i>

RIGHT MOVES FOR YOUTH, INC.**Statement of Cash Flows****Year Ended June 30, 2023, with prior year comparative totals**

	June 30,	
	2023	2022
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 55,512	\$ 23,579
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation expense	4,110	4,928
Loss on disposal of assets	-	3,270
(Increase) decrease in operating assets:		
Receivables	(128,167)	(34,368)
Prepaid expenses	(8,402)	(4,792)
Rental deposit	2,400	-
Operating right of use asset	17,366	17,307
Increase (decrease) in operating liabilities:		
Accounts payable	10,330	22,086
Payroll liabilities	(9,412)	(208)
Operating lease liability	(17,680)	(4,257)
Refundable advance liability	(23,980)	59,944
<u>Cash Flows From Operating Activities</u>	<u>(97,923)</u>	<u>87,489</u>
<u>INVESTING ACTIVITIES</u>		
Purchase of fixed assets	-	(41,097)
<u>Cash Flows From Investing Activities</u>	<u>-</u>	<u>(41,097)</u>
NET CHANGE IN CASH	(97,923)	46,392
CASH, BEGINNING	807,039	760,647
CASH, ENDING	\$ 709,116	\$ 807,039

RIGHT MOVES FOR YOUTH, INC.

Notes to Financial Statements

June 30, 2023

NOTE A - NATURE OF OPERATIONS

Organization

Right Moves for Youth, Inc., (the “Organization”) was organized in 1989 and established as a not-for-profit corporation under the laws of North Carolina in 1993. The Organization serves more than 1,500 youth, ages 12-18 years in middle and high schools and operates at 16 Charlotte Mecklenburg School sites located throughout Mecklenburg County.

Funding

The Organization is funded by voluntary contributions from individuals, corporations, foundations, grants, faith-based organizations, and special events.

Income tax status

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

NOTE B - PROGRAMS

Purpose

The Organization is a school-based, student support and youth development prevention program that collaborates with Charlotte Mecklenburg Schools, the Charlotte Mecklenburg Police Department, the Mecklenburg County Sheriff’s Office, and other community partners to help students in middle and high schools understand the importance of graduating and the impact that having a high school diploma can have on their lives.

The mission of the Organization is to help under-served youth in grades 6-12 make the most of their education, connections, and opportunities so they can set themselves up for future success. The core program provides group mentoring for teens based on a group counseling model and focuses on: high school graduation; social-emotional well-being; career development; and personal leadership and civic duty. Through group mentoring and student support, the Organization supports the holistic health and social uplift of young people.

Students enrolled in the Organization’s program are held accountable by adult mentors and peers for their academic performance as they re-engage the educational process by developing coping skills to deal with circumstances that may otherwise impede their progress. Staff and volunteers work with the students to help them learn and practice new skills, give and receive peer support, develop positive relationships with adult mentors, and find new meaning in succeeding in school and graduating. By offering increased support to academically and economically challenged adolescents, the likelihood of high school completion and successful transition into adulthood is improved. We, therefore, contribute to the increase in graduation rates, decrease of delinquency, and promotion of civic engagement.

RIGHT MOVES FOR YOUTH, INC.

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School-Based Groups

The Organization provides school-based, group mentoring services to support the positive development and educational attainment of urban youth. Currently serving some of the most challenged Charlotte Mecklenburg Schools (CMS) middle/high school sites, the program promotes the positive development of young people in grades 6-12. The majority of these school sites are Title 1, with the others serving students from economically distressed neighborhoods. The weekly groups help students come to school, do the right things, strengthen social skills, and get ready for college and the workforce. Students grow together and build positive relationships to excel academically, socially and emotionally. Students are referred to the Organization's groups by school support staff or administrators and partnering community agencies to help them increase positive attitudes, modify behavior, and transfer learned skills to everyday life.

The Organization uses a structured, activity-based curriculum that is research-based and practice-informed, and specifically designed for middle and high school students. This curriculum assists students in planning for the future and learning life skills. The curriculum is an important component of our program's success. The Organization provides weekly, one-hour school-based groups through a program specialist trained in group facilitation. In this role, the program specialist serves as a group facilitator, onsite volunteer support, and student support/intervention team person for each of their partner schools. Each Program Specialist serves 4-5 school sites, facilitating 10-12 groups each week. During the year, the Organization launched SUCCEED, a programmatic extension specifically for students in 12th grade to increase skill gaps for improved employability.

The Organization's core service delivery is group mentoring based on a group counseling model.

Research has found that group delivery of services can be more powerful than individual counseling because it provides a context for skill utilization, reduces problems, and increases competencies. Groups provide context in which people realize that they are not isolated or hopeless, and that they can create a different life and gain a sense of community. Each of the Organization's groups is supported by the following: an educator; a law enforcement officer; a community volunteer and one of the Organization's staff members (Program Specialist). Groups meet at least once a week, for a minimum of 1 hour. Program Specialists follow the age-appropriate standardized curriculum that has been established with a focus on life skills and personal development. During group meetings, students participate in interpersonal and intrapersonal activities, group discussion, career exploration, service learning and/or community engagement through the curriculum. Students have the opportunity to express themselves, gain new skills, self-reflect, and track their own progress. Through this interaction, students find personal significance in graduation, and create a meaningful plan for post-graduation success.

All groups participate in service learning projects with a minimum requirement of one per semester. Students enrolled in the Organization are evaluated in the following areas in order to assess their progress (or need for additional support); behavior; school attendance; academic performance; and group participation. Evaluations are used to help make decisions in collaboration with the students,

RIGHT MOVES FOR YOUTH, INC.

Notes to Financial Statements

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teachers, etc. about that student's particular plan and goal setting. Evaluations are also used to help determine the level of incentivizing in which students can engage.

Other programs

The Organization develops and works with a variety of community partners to create programming that focuses on increasing academic achievement, reducing risky behaviors, and promoting positive ones. The programs promote positive youth development and enhance each individual youth's academic accomplishments, leadership ability, life-skills awareness, self-esteem, civic responsibility, and cultural awareness. Beyond their weekly group meetings and the Right Moves for Youth curriculum, the Organization offers an array of innovative programs such as *RMFY Ambassadors Youth Leadership Program*, *March Madness Experience*, and college and workplace tours. Through partnerships and individual donations, the Organization can provide complimentary tickets to sporting and cultural events.

Finally, each year in May, the Organization rewards its group participants who have exhibited the most social and emotional growth and positive behaviors by hosting an annual year-end awards ceremony.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and 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 and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in the day-to-day operation of the Organization and those resources invested in fixed assets. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Organization. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position.

Net assets with donor restrictions – Net assets with donor restrictions are comprised of amounts that may be temporary in nature, which are subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time, and net assets that are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. During the year, the Organization had no net assets with stipulations that they be maintained in perpetuity.

RIGHT MOVES FOR YOUTH, INC.

Notes to Financial Statements

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Revenue recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted for future periods, or are restricted by the donor for specific purposes, are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Amounts received whose restrictions are met within the same accounting period, are recorded as net assets without donor restrictions.

Grants receivable

Grants receivable are presented at net realizable value. Management's assessment of the collectability of receivables is based on a review of individual accounts, historical experience, and current economic conditions. Based on the underlying nature of the receivables at June 30, 2023, no allowance for doubtful accounts was recorded.

Property and equipment

Fixed assets exceeding \$2,500 are recorded at cost if purchased or fair market value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which vary from three to ten years.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right of use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its lease with a term of 12 months or less; rather they are reported as a lease expense on a straight-line basis over the lease term.

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in support at fair value. Donated materials and services are recognized as income, with a like amount in expense, in the accompanying financial statements. For the year ended June 30, 2023, the Organization received donated supplies of \$12,728 that were fully utilized in the Organization's programs.

RIGHT MOVES FOR YOUTH, INC.

Notes to Financial Statements

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In addition, many individuals volunteer their time and perform a variety of tasks that assist Right Moves for Youth, Inc., with specific assistance programs and various assignments. No amounts have been reflected in the financial statements for these contributions, as they do not meet the criteria for recognition described above.

Website and database costs

Costs incurred to maintain the Organization's website and database are expensed as incurred.

Functional allocation of expenses

Expenses that are inherently program, management and general, or fundraising, are charged directly to those functions. Rent costs are allocated based on the estimated square footage utilized by that function. Expenses related to the building are allocated the same as rent costs. All other expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent.

Prior-year comparative totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's 2022 financial statements, from which the summarized information was derived. Certain prior-year amounts have been reclassified to conform to the current-year presentation.

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting guidance

The Organization recently adopted the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either financing or operating, with classifications affecting the pattern of expense recognition in the statement of activities. The Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of the implementation, the Organization recognized operating ROU assets of \$76,426 and operating lease liabilities of \$89,476. The adoption resulted in a decrease in net assets without donor restrictions of \$13,050.

RIGHT MOVES FOR YOUTH, INC.

Notes to Financial Statements

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NOTE D – OPERATING LEASES

The Organization leases office space under one non-cancellable operating lease. This lease contains no significant restrictions. In addition, the Organization did not identify any other contracts entered into during the year meeting the lease criteria. The operating ROU assets of \$59,060 represents the Organization's right to use underlying assets for the lease term, and the operating lease liability of \$71,796 represent the Organization's obligation to make lease payments arising from the lease. The ROU asset and lease liability were calculated based on the present value of future lease payments over the lease terms. The Organization used its risk-free borrowing rate to discount future lease payments. The discount rate to calculate the operating lease liability was 2.89% as of June 30, 2023.

Operating right of use asset of \$59,060 has been acquired through one operating lease. For the year ended June 30, 2023, the total operating lease cost was \$19,747 and cash paid was \$20,061. The lease does not have options to extend the terms of the lease. As of June 30, 2023, the weighted average remaining lease term was approximately three years.

Operating lease liability matures during the years ending June 30:

2024	23,028
2025	23,719
2026	24,430
Thereafter	4,092
Total lease payments	75,269
Less present value discount	3,473
TOTAL	<u>\$ 71,796</u>

NOTE E – REFUNDABLE ADVANCE LIABILITY

The Organization received funding from the American Rescue Plan Act to provide school-based health programs. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. The Organization had \$35,964 available for expenditure as of June 30, 2023.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2023, were to be used for the following purposes:

Unutilized funds:	
Subsequent fiscal year	\$ 25,000
Group Mentoring	58,753
Longleaf program	15,715
College scholarships	1,000
TOTAL	<u>\$ 100,468</u>

RIGHT MOVES FOR YOUTH, INC.

Notes to Financial Statements

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During the year, net assets with donor restrictions were released expiration of time restriction of \$20,000.

NOTE G - CONCENTRATIONS OF RISK

Cash in excess of insured limits

Cash held in bank accounts is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization regularly maintains cash in excess of insured limits covered by the FDIC but management believes the risk is minimal due to the creditworthiness of the financial institution.

Geographic area

The Organization operates in a limited geographic area and is therefore sensitive to changes in the local economy.

NOTE H - RETIREMENT PLAN

The Organization participates in a SIMPLE-IRA Plan maintained by Fidelity Investments. All employees are eligible to participate in the Plan upon the later of the Plan's effective date or the employee's date of hire. The Organization matches the employee's elective deferral on a dollar-for-dollar basis but not more than 3% of the employee's compensation. The amount paid by the Organization during the year was \$3,050.

NOTE I - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$880,655 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$709,116 and receivables of \$171,539, which are expected to be collected during the year. Of these amounts, \$75,648 is subject to donor restrictions. The Organization has a policy to structure its financial assets to be available as its general liabilities and other obligations come due.

NOTE J- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.