

PHOENIX YOUTH AND FAMILY SERVICES, INC

FINANCIAL STATEMENT

JUNE 30, 2018

PHOENIX YOUTH AND FAMILY SERVICES, INC
JUNE 30, 2018

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SEARCY & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Phoenix Youth and Family Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Phoenix Youth and Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, changes in net assets, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Phoenix Youth and Family Services, Inc. as of June 30, 2018, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2018, on our consideration of Phoenix Youth and Family Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Phoenix Youth and Family Services Inc.'s internal control over financial reporting and compliance.



Searcy & Associates, LLC

Monticello, Arkansas
October 16, 2018

PHOENIX YOUTH AND FAMILY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Current Assets

Cash in Banks	\$ 608,103
Investments	167,451
Accounts Receivable	<u>69,457</u>

Total Current Assets 845,011

Property and Equipment

Buildings and Improvements	652,049
Furniture, Fixtures & Vehicles	818,723
Less Accumulated Depreciation	<u>(1,078,364)</u>

Total Net Fixed Assets 392,408

Other Assets

Prepaid Insurance	6,802
Security Deposit	<u>865</u>

Total Other Assets 7,667

Total Assets \$ 1,245,086

LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable	\$ 17,042
Payroll Liabilities	3,131
Accrued Salaries	<u>20,238</u>

Total Current Liabilities 40,411

Net Assets

Unrestricted Net Assets	<u>1,204,675</u>
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Total Liabilities and Net Assets \$ 1,245,086

See notes to financial statements.

PHOENIX YOUTH AND FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 2018

Unrestricted Net Assets

Support	
Grants	\$ 74,637
Rent	7,900
Other Income	3,010
Interest Income	3,874
Contributions	<u>11,295</u>
Total Unrestricted Support	100,716

Net Assets Released from	
Restrictions Satisfied by Payments	<u>776,003</u>
Total Unrestricted Support and Reclassifications	876,719

Expenses

Total Expenses	<u>898,681</u>
Net Increase/(Decrease) in Unrestricted Net Assets	(21,962)

Temporarily Restricted Net Assets

Prevention and Treatment of Substance Abuse	108,152
Youth Services	590,679
Victims Justice Assistance-Domestic Violence	46,572
Lead and Seed/City of Crossett	<u>30,600</u>

Net Assets Released from Restriction	
Satisfied by Payment	<u>(776,003)</u>

Increase/(Decrease) in Temporarily	
Restricted Net Assets	<u>0</u>

Increase/(Decrease) in Net Assets	(21,962)
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NET ASSETS AT THE BEGINNING OF YEAR	<u>1,226,637</u>
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NET ASSETS AT END OF YEAR	<u>\$ 1,204,675</u>
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See notes to financial statements.

PHOENIX YOUTH AND FAMILY SERVICES, INC.
STATEMENT OF CASH FLOW
JUNE 30, 2018

Cash Flow from Operating Activities	
Increase/(Decrease) in Net Assets	\$ (21,962)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	35,830
Investment Income	(6,362)
(Increase)/Decrease in Operating Assets	
Accounts Receivable	12,863
Prepaid Insurance	(3,873)
Increase/(Decrease) in Operating Liabilities	
Accounts Payable	3,857
Payroll Taxes Payable	1,942
Accrued Salaries	3,671
Bank Overdraft	<u>(8,769)</u>
Net Cash Provided/(Used) by Operating Activities	<u>17,197</u>
Cash Flow from Investing Activities	
Purchase of Vehicles	<u>(12,607)</u>
Net Cash Provided/(Used) by Investing Activities	<u>(12,607)</u>
Net Increase/(Decrease) in Cash	4,590
Cash, Beginning of Year	<u>603,513</u>
Cash, End of Year	<u>\$ 608,103</u>
Supplemental Disclosures of Cash Flow Information	
Cash paid during the period for:	
Interest	<u>\$ 0</u>
Taxes	<u>\$ 0</u>

See notes to financial statements.

PHOENIX YOUTH AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Phoenix Youth and Family Services, Inc was formed in March 1995, as a private, nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization was developed to serve the needs of youth and families in the Tenth Judicial District, which includes Ashley, Bradley, Chicot, Desha, and Drew counties.

The following is a brief description of other programs which are administered by Phoenix Youth and Family Services, Inc.

Family Resource Center

To promote safety of children by empowering families by providing skills to enable them to interact positively with school officials about school safety, establish rapport with police, encourage development of neighborhood patrols, organize and train mentors for positive relationship development.

Family Violence Prevention/Services

Subgrantee for Arkansas Department of Finance and Administration to serve those individuals in Ashley, Chicot, and Desha counties that are covered under the Domestic Abuse Act of 1991.

Prevention Resource Center

Program development will be to address the following issues: development of responsible and healthful behavior, examining issues surrounding drug violence, education toward the types and effects of substances; prevention and treatment of abuse, develop drug curriculum and teaching strategies, and develop a resource referral system.

Winthrop Rockefeller Foundation

The Grant is intended to support the Organization's mission to strengthen economic outcomes in Southeast Arkansas.

Method of Accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting.

Basis of Presentation

The Council is required to report information regarding financial position and activities according to the following three classes of net assets:

- a. Unrestricted net assets-Net assets that are not subject to the grantor or donor-imposed stipulations.
- b. Temporarily restricted net assets-Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or passage of time. 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.
- c. Permanently restricted net assets-Net assets subject to grantor or donor-imposed stipulations that they be maintained permanently by the organization to use all or part of the assets for general or specific purposes.

PHOENIX YOUTH AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Nature of Activities (Continued)

Accounts Receivable

Accounts Receivable represent amounts due from contract services and are considered fully collectible.

Property and Equipment

Property and Equipment acquisitions are recorded on the books at cost and are depreciated over the estimated useful life of five (5) to ten (10) years using the straight line method. Depreciation expense for the current year is \$35,830. Expenditures for maintenance and repair are charged to operations as incurred.

Compensated Absences

Full time, year round employees are entitled to paid vacation depending on the length of service and other factors. Accrued vacation pay at June 30, 2018, was deemed immaterial and not accrued.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Financial Instruments and Fair Value Measurements

The Council's financial instruments consist of a money market account and mutual fund accounts, both of which are measured at fair value in the statement of financial position. The fair value is determined by the instruments' net asset values (NAVs), which are Level 1 measurements in the hierarchy of fair value measures because the fair values are readily determinable fair values (that is, the instruments can be traded at the measurement date at their published NAVs).

Income taxes

Phoenix Youth and Family Services, Inc is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2018.

Subsequent Events

Subsequent events were evaluated through October 16, 2018, which is the date the financial statements were available to be issued.

PHOENIX YOUTH AND FAMILY SERVICES, INC
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 2: DESCRIPTION OF LEASING AGREEMENT

All facilities presently used are leased under a one year agreement.

NOTE 3: CONCENTRATION OF CREDIT RISK AND ECONOMIC DEPENDENCY

Phoenix Youth and Family Services, Inc. maintains bank accounts at several banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. All cash balances were fully insured at June 30, 2018.

NOTE 4: WINTHROP ROCKEFELLER FOUNDATION

The Organization's current expenditures under the Winthrop Rockefeller Foundation grant for the year ended June 30, 2018, were \$67,670.

NOTE 5: RELATED PARTY TRANSACTIONS

The Organization leases space from the husband of the Executive Director, a related party. Lease payments were \$1,000 per month for the year ended June 30, 2018. The total lease payments for the year were \$12,000.

NOTE 6: INVESTMENTS

Investment securities are carried at fair value based on quoted prices in active markets (all Level 1 Measurements) and consist of the following at June 30, 2018:

	<u>Historical Cost</u>	<u>Book Value</u>	<u>Level 1 Fair Value</u>
Non-Qualified Deferred Annuity			
Fixed Accounts	\$ 159,453	\$162,964	\$162,964
Government Money Market	<u>4,367</u>	<u>4,487</u>	<u>4,487</u>
	<u>\$ 163,820</u>	<u>\$167,451</u>	<u>\$167,451</u>

The following summarizes the investment income in the statement of activities:

Capital Bonus	\$ 3,000
Interest and Dividends	3,511
Unrealized (Losses) Gains	<u>(135)</u>
	<u>\$ 6,376</u>

NOTE 7: RETIREMENT PLAN

The Organization maintains a defined contribution plan under IRS Code Section 401(k). The Organization provides a schedule of matching depending on the amount of the employee's contribution. Total expense for retirement matching for the year ended June 30, 2018, was \$8,392.

SUPPLEMENTARY INFORMATION

PHOENIX YOUTH AND FAMILY SERVICES, INC
STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30, 2018

Expenditures	
Salaries	\$465,887
Fringe Benefits	116,405
Professional Services	15,648
Travel	27,159
Rent	26,875
Utilities	17,884
Advertising	15,470
Training/Staff Development	11,667
Supplies	32,383
Telephone/Internet	25,630
Mentoring	2,500
Miscellaneous	6,081
Insurance	19,833
Dues & Subscriptions	1,198
Depreciation Expense	35,830
Subcontract	37,997
Vehicle Expense	3,834
Repairs and Maintenance/Janitorial	18,076
Administrative Expense	14,752
Youth Activities	<u>3,572</u>
Total Expenditures	<u>\$898,681</u>

PHOENIX YOUTH AND FAMILY SERVICES, INC.
SUPPLEMENTAL DATA SHEET
JUNE 30, 2018

Phoenix Youth and Family Services, Inc.
P.O. Box 654
Crossett, AR 71635-0654
Federal ID # 71-0778516
Phone (870) 364-1676

Toyce Newton, Executive Director
Toyce Newton, Contact Person

PHOENIX YOUTH AND FAMILY SERVICES, INC
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor and Number	Federal Expenditures
Substance Abuse and Mental Health Services_Projects of Regional and National Significance			
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	City of Crossett	<u>30,600</u>
Total Substance Abuse and Mental Health Services_Projects of Regional and National Significance			
Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Services	93.671	Dept of Finance and Administration	<u>46,572</u>
Total Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Services			77,172
Block Grants for Prevention and Treatment of Substance Abuse			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	University of Arkansas of Little Rock/MidSouth	<u>108,152</u>
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>108,152</u>
Total Expenditures of Federal Awards			<u>\$185,324</u>

PHOENIX YOUTH AND FAMILY SERVICES, INC
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Award Amount</u>	<u>Award Expended</u>
<u>Arkansas Department of Human Services</u>		
Division of Youth Services		
Community Based Sanctions - Division of Youth Services	\$ 83,695	\$ 83,695
Community Programs Juvenile Detention Centers	<u>506,984</u>	<u>506,984</u>
 Total	 <u>\$ 590,679</u>	 <u>\$ 590,679</u>

SEARCY & ASSOCIATES, LLC
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Phoenix Youth and Family Services, Inc.
Crossett, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Phoenix Youth and Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Phoenix Youth and Family Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Phoenix Youth and Family Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Phoenix Youth and Family Services, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Phoenix Youth and Family Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Searcy & Associates, LLC
Monticello, Arkansas
October 16, 2018