

URBAN RANGER CORPS

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

For the Year Ended December 31, 2011

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6
SUPPLEMENTAL INFORMATION	
Schedule of Functional Expenses	10
Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	11

Ralph C. Johnson & Company, p.c.

CERTIFIED PUBLIC ACCOUNTS

Mark Twain Tower
106 W. 11th Street, Suite 1530
Kansas City, Missouri 64105-1817
(816) 472-8900
FAX (816) 472-4633

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Urban Rangers Corps
Kansas City, Missouri

We have audited the accompanying statement of financial position of **Urban Ranger Corps** (a not-for-profit organization) as of December 31, 2011, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Urban Ranger Corps'** internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence which supports the amounts and disclosures in the financial statements, 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 the **Urban Ranger Corps** as of December 31, 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 30, 2012, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matter. 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 the internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

KANSAS CITY
30 MAY 2012
OUR 41st YEAR

Ralph C. Johnson & Company, P.C.

FINANCIAL STATEMENTS

URBAN RANGERS CORPS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS	2011
CURRENT ASSETS	
Cash	\$ 177,270
Property Held For Resale/Development	130,812
TOTAL CURRENT ASSETS	<u>308,082</u>
CAPITAL ASSETS	
Automobiles	80,642
Furniture and Equipment	427
	<u>81,069</u>
Accumulated depreciation	23,271
TOTAL CAPITAL ASSETS	<u>57,798</u>
TOTAL ASSETS	<u>\$ 365,880</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ -
TOTAL CURRENT LIABILITIES	<u>-</u>
NET ASSETS	
Unrestricted net assets	365,880
Temporarily restricted net assets	-
Permanently restricted net assets	-
TOTAL NET ASSETS	<u>365,880</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 365,880</u>

See auditors' report and notes to financial statements

**URBAN RANGER CORPS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

UNRESTRICTED ACTIVITY	2011
SUPPORT AND REVENUE	
Contributions	\$ 144,398
Grants / Contracts	140,535
Government Grants/Contracts	50,334
Special Events (net of \$31,331 in expenses)	75,300
Other Revenue	2,376
TOTAL SUPPORT AND REVENUE	<u>412,943</u>
 SALES	
Cost of Sales	2,756
TOTAL SALES	<u>2,756</u>
 TOTAL SUPPORT AND REVENUE	<u>415,699</u>
 EXPENSES	
Program Services	293,813
Management and general	50,679
Fundraising	56,093
TOTAL EXPENSES	<u>400,585</u>
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	15,114
 UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	350,766
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 365,880</u>
 TEMPORARILY RESTRICTED ACTIVITY	<u>-</u>
 PERMANENTLY RESTRICTED ACTIVITY	<u>-</u>
 CHANGE IN NET ASSETS	15,114
NET ASSETS, BEGINNING OF YEAR	350,766
TOTAL NET ASSETS	<u>\$ 365,880</u>

See auditors' report and notes to financial statements.

URBAN RANGER CORPS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011
CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ 15,114
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	5,370
Decrease in prepaid expenses	6,896
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	27,380
CASH FLOW FROM INVESTING ACTIVITIES	
Decrease in Property Held for Resale / Development	40,340
Purchases of capital assets	(34,648)
	5,692
CASH FLOW FROM FINANCING ACTIVITIES	-
NET INCREASE IN CASH	33,072
Cash and cash equivalents, beginning of year	144,198
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 177,270
Interest paid	\$ None
Income taxes paid	\$ None

See auditors' report and notes to financial statements.

**URBAN RANGER CORPS
(A NOT-FOR-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 – NATURE OF ACTIVITIES

The **Urban Ranger Corps** (the Organization) was incorporated as a not for profit organization. Its Board of Directors and advisors manages the Organization. The **Urban Ranger Corps** was formed exclusively for charitable and educational purposes, and no part of its assets or income shall be distributed to or to inure the benefit of any member of the Organization.

To Organization helps prepare at-risk inner city youth (14-18) for wholesome, responsible and productive futures through a program of disciplined work experience and service in their community through its "Urban Ranger Program". The Program consists of the following activities:

- Paid work experience and community service training which include painting and yard restoration for the homes of low income families during summer months. (Real properties held by the Organization were used for training of "clients". All real estate is currently held for sale.)
- Leadership development training.
- Individualized post-high school career planing and career coaching during the school year.

NOTE 2 – ACCOUNTING POLICIES

Accounting Basis

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.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No 958. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes on net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are funds available for any purpose.

Temporarily restricted net assets represent contributions whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time, or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When a stipulated restriction ends, or the purpose has been accomplished, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets at December 31, 2011.

Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. There were no permanently restricted net assets at December 31, 2011.

Capital Assets

Depreciation is provided on the straight-line method for all depreciable assets. The useful lives are as follows:

Equipment and furniture	5-7 years
Vehicles	5 years

Depreciation expense was approximately \$5,370 for the year ended December 31, 2011.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

**URBAN RANGER CORPS
(A NOT-FOR-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Support and Expenses

Contributions received and unconditional promises to give are measured at their estimated value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.

NOTE 2 – ACCOUNTING POLICIES

Income Taxes

The **Urban Ranger Corps** is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code and, therefore, it has made no provision for federal income taxes in the accompanying financial statements.

Functional Expenses

The **Urban Ranger Corps** allocates expenses on a functional basis between its various programs and support services. The cost of operating various programs and other activities are summarized on a functional basis in the Statement of Functional Income and Expenses. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by use of various methods which, in management's judgment, approximate value received by the program or function.

Cash and Cash Equivalents

The Organization considers all investments with maturities of three months or less and cash accounts to be cash equivalents. As of December 31, 2011, there were no cash equivalents.

NOTE 3 – CONCENTRATIONS

The Organization has a high degree of concentration in community activism and youth development. It receives a significant amount of its revenue from the City of Kansas City, Missouri Community Development Block Grant funds, grants from foundations and trusts, the United Way, private individuals and a limited amount of grants through local public agencies. The effect of reduced funding from these sources cannot be determined at the date of this report.

NOTE 4 - FAIR VALUE MEASUREMENTS

Financial accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The **Urban Ranger Corps** has no accounts measured at fair value at December 31, 2011.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 30, 2012 which is the date the financial statements were available to be issued.

NOTE 6 – UNCERTAIN TAX POSITIONS

Financial accounting standards govern how uncertain tax positions should be recognized, measured, presented, and disclosed in financial statements. These standards require the evaluation of tax positions taken or expected to be taken in the course of preparing an entity's tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would not be recognized in the financial statements of the current year.

**URBAN RANGER CORPS
(A NOT-FOR-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

As a non-profit organization there is no income tax liability, any interest and penalties assessed because of non-compliance with tax regulations are recognized as incurred. For the year ended December 31, 2011, no interest or penalties have been recognized. There are no other unrecognized tax benefits to be disclosed as a result of tax positions take during the year. The Organization is not presently under examination by any taxing authority. Effectively, all years for federal and state tax examination are closed for any year prior to December 31, 2006. The Organization does not believe that there are any tax planning strategies or positions presently being taken that would affect it adversely.

NOTE 7 – PROPERTY HELD FOR RESALE / DEVELOPMENT

During 2008, the Organization received appraisals for the property held for resale, for approximately \$140,000 more than cost. An entry was made to record those investments at their appraised valuation. With the implementation of Accounting Standards Codification (ASC) 820 - Fair Value Measurements, the Organization determined that it should account for the property held for resale / development at cost basis, and not the fluctuating valuation of fair value.

For the 2011 financial statements, a prior period adjustment has been made to reverse the adjustment to fair value, and the property held for resale / development is shown at cost basis.

NOTE 8 – RELATED PARTIES

The Organization received approximately 65% of its contributions from Board members and related parties in 2011, representing approximately 40% of total income.

NOTE 9 – CONCENTRATIONS

The Organization's activities are concentrated on the preparation of at-risk, inner city high school attending youth for pursuit of post-secondary career goals primarily through its "Urban Ranger Program" which consists of paid work experience and community service training (including painting and yard restoration of the homes of low income families) during summer months and the development of individual career plans and career coaching during the school year; and it receives a significant amount of its revenue and funding from donations and grants from foundations and trusts, the United Way, private individuals and a limited amount of grants through local public agencies. Any real estate properties held were used from the training of "clients" (Urban Rangers) and are on the market for sale.

SUPPLEMENTARY INFORMATION

URBAN RANGER CORPS
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011			
	<u>Youth Development</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Salaries and Wages	\$ 201,401	\$ 16,823	\$ -	\$ 218,224
Employee Benefits	72	433	-	505
Payroll Taxes	15,692	1,320	-	17,012
	<u>217,165</u>	<u>18,576</u>	<u>-</u>	<u>235,741</u>
Professional Services	-	9,697	-	9,697
Insurance	21,677	7,166	-	28,843
Office Expenses	852	4,707	-	5,559
Occupancy	-	5,163	-	5,163
Marketing	-	-	31,353	31,353
Fundraising	-	-	24,740	24,740
Ranger Training and Enrichment	21,212	-	-	21,212
Equipment and Tools	5,812	-	-	5,812
Vehicle Operations	13,287	-	-	13,287
Block Model Project	13,808	-	-	13,808
Depreciation	-	5,370	-	5,370
Total Expenses	<u>\$ 293,813</u>	<u>\$ 50,679</u>	<u>\$ 56,093</u>	<u>\$ 400,585</u>

Ralph C. Johnson & Company, p.c.

CERTIFIED PUBLIC ACCOUNTS

Mark Twain Tower
106 W. 11th Street, Suite 1530
Kansas City, Missouri 64105-1817
(816) 472-8900
FAX (816) 472-4633

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

Board of Directors
The Urban Ranger Corps
Kansas City, Missouri

We have audited the financial statements of the **Urban Ranger Corps** as of and for the year ended December 31, 2011, and have issued our report thereon dated May 30, 2012. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the **Urban Ranger Corps's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *control deficiency* 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **Urban Ranger Corps's** financial statements are free of 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*.

This report is intended solely for the information and use of the board of directors, management, others within the organization, the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

KANSAS CITY
30 MAY 2012
OUR 41st YEAR

Ralph C. Johnson & Company, P.C.