

URBAN RANGER CORPS

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

For the Years Ended September 30, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the **URBAN RANGER CORPS** (a nonprofit organization) which comprise the statement of financial position as of September 30, 2016 and 2015 and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's 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 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 audit 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 **URBAN RANGER CORPS** of September 30, 2016 and the results of its operations and its cash flows for the year then ended respectively in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information shown on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements of the Organization. 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 to 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
06 MARCH 2017
OUR 46th YEAR

FINANCIAL STATEMENTS

URBAN RANGERS CORPS
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30,

ASSETS	2016	2015
CURRENT ASSETS		
Cash	\$ 173,594	\$ 27,298
Property held for resale/development	130,811	130,811
Accounts Receivable	29,804	9,400
TOTAL CURRENT ASSETS	<u>334,209</u>	<u>167,509</u>
Investments	717,971	-
CAPITAL ASSETS		
Automobiles	104,079	104,079
Furniture and equipment	2,184	2,184
	<u>106,263</u>	<u>106,263</u>
Accumulated depreciation	89,305	80,198
TOTAL CAPITAL ASSETS	<u>16,958</u>	<u>26,065</u>
TOTAL ASSETS	<u>\$ 1,069,138</u>	<u>\$ 193,574</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 14,319	\$ 18,549
Loan payable	142,000	20,000
TOTAL CURRENT LIABILITIES	<u>156,319</u>	<u>\$ 38,549</u>
NET ASSETS		
Unrestricted net assets	912,819	155,025
Temporarily restricted net assets	-	-
Permanently restricted net assets	-	-
TOTAL NET ASSETS	<u>912,819</u>	<u>155,025</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,069,138</u>	<u>\$ 193,574</u>

See auditors' report and notes to financial statements

**URBAN RANGER CORPS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30,**

	<u>2016</u>	<u>2015</u>
UNRESTRICTED SUPPORT AND REVENUE		
Contributions	\$ 144,458	\$ 101,243
Grants / Contracts	118,705	182,217
Government Grants/Contracts	-	48,791
Special Events (net of \$ 41,087 in expenses)	46,285	69,243
Rental Income	11,500	15,170
Program Income	105,218	2,688
Other Revenue	836,814	54,506
TOTAL UNRESTRICTED REVENUE	<u>1,262,980</u>	<u>473,858</u>
Net assets released from restrictions	-	-
TOTAL SUPPORT AND REVENUE	<u>1,262,980</u>	<u>473,858</u>
 EXPENSES		
Program Services	316,312	345,947
Management and general	155,342	113,458
Fundraising	33,532	33,842
TOTAL EXPENSES	<u>505,186</u>	<u>493,247</u>
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	 757,794	 (19,389)
 UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	 155,025	 174,414
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 912,819</u>	<u>\$ 155,025</u>
 CHANGE IN NET ASSETS	 757,794	 (19,389)
NET ASSETS, BEGINNING OF YEAR	155,025	174,414
TOTAL NET ASSETS	<u>\$ 912,819</u>	<u>\$ 155,025</u>

See auditors' report and notes to financial statements.

URBAN RANGER CORPS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30,

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ 757,794	\$ (19,389)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,107	10,610
Prior years' accumulated depreciation adjustment	-	8,610
Increase in accounts receivable	(20,404)	(9,400)
Increase in accounts payable	117,770	25,964
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>864,267</u>	<u>16,395</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Other Assets	(717,971)	-
Purchases of capital assets	-	(11,950)
	<u>(717,971)</u>	<u>(11,950)</u>
NET INCREASE IN CASH	146,296	4,445
Cash and cash equivalents, beginning of year	27,298	22,853
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 173,594</u>	<u>\$ 27,298</u>
Interest paid	<u>\$ None</u>	<u>\$ None</u>
Income taxes paid	<u>\$ None</u>	<u>\$ None</u>

See auditors' report and notes to financial statements.

**URBAN RANGER CORPS
(A NOT FOR PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE 1 - NATURE OF ACTIVITIES

The **URBAN RANGER CORPS** (the Organization) was incorporated as a not-for-profit organization. It's 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 inure to the benefit of any member of the Organization.

To Organization helps prepare at-risk inner city youth (ages 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 planning 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 which 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.

**URBAN RANGER CORPS
(A NOT FOR PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

Permanently restricted net assets represent contributions and other inflows of assets which 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 September 30, 2016 and 2015.

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 \$9,107 and \$10,610 for the years ended September 30, 2016 and 2015 respectively.

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.

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.

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.

**URBAN RANGER CORPS
(A NOT FOR PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

Investments

Under SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. During the 2016 the organization received a memorial gift from a donor without restriction as to its use. As of September 30, 2016 the investment balance was \$717,971 and an unrealized loss of \$4,942 was recognized as a reduction in net assets.

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 September 30, 2016 and 2015 there were no cash equivalents.

NOTE 3 - CONCENTRATIONS

The Organization's activities are concentrated in the preparation of at-risk youth who attend an inner city high school 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. It receives a significant amount of revenue and funding from donations and grants from foundations and trusts, the United Way, private individuals and a limited number of grants through local public agencies.

Any real estate properties held are used for training of its clients (Urban Rangers) and are placed on the market for sale.

The effect of reduced funding from these sources cannot be determined at the date of this report.

NOTE 4 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 6, 2017 which is the date the financial statements were available to be issued.

NOTE 5 – 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

**URBAN RANGER CORPS
(A NOT FOR PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

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. As a nonprofit organization there is no income tax liability, any interest and penalties assessed because of noncompliance with tax regulations are recognized as incurred. For the years ended September 30, 2016 and 2015, no interest or penalties have been recognized. There are no unrecognized tax benefits to be disclosed as a result of tax positions taken 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 2013. The Organization does not believe that there are any tax planning strategies or positions presently being taken that would affect it adversely.

NOTE 6- INVESTMENT SECURITIES

Investment securities are carried at fair value based on quoted prices in active markets (all Level 1 Measurements) and consist of the following at September 30, 2016

<u>Fair Value – Level 1 Measurements</u>	
Cash and cash alternatives	\$ 36,267
Exchange traded funds (ETFs)	288,868
Mutual funds	<u>392,836</u>
Total value	\$ <u>717,971</u>

NOTE 7 – SHORT-TERM PROMISSORY NOTE

A short-term promissory note was obtained by the Organization on July 6, 2016 from the Country Club Bank. The principal amount is \$130,000 and the interest rate is 5.250 and is secured by the contract with the city of Kansas City for the purpose of providing funds for payroll. The maturity date for the loan is January 6, 2017 and the entire principal amount plus any accrued interest must be paid.

NOTE 8 – DONATION RECEIVED

An IRA contribution was received on 2/29/2016 from one donor, Father John's memorial gift. The amount of the contribution was \$767,715.73 and has been invested in Searcy Financial. The gift is not restricted and is for general use. The value at 9/30/2016 is \$717,971.

SUPPLEMENTARY INFORMATION

**URBAN RANGER CORPS
SCHEDULE OF FUNCTIONAL EXPENSES**

YEAR ENDED SEPTEMBER 30, 2016

	Youth Development	Management and General	Fundraising	Total
Expenses:				
Salaries and Wages	\$ 264,363	8,502		\$ 272,865
Payroll Taxes	25,611	934		26,545
	<u>289,974</u>	<u>9,436</u>	<u>-</u>	<u>299,410</u>
Professional Services		23,895	22,407	46,302
Insurance	8,374	24,814		33,188
Office Expenses	2,526	23,681	3,375	29,582
Occupancy	-	10,933	-	10,933
Marketing			7,750	7,750
Ranger Training and Enrichment	16,533	-		16,533
Equipment and Tools	9,329	-		9,329
Vehicle Operations	30,265	-		30,265
Block Model Project	12,787			12,787
Depreciation		9,107		9,107
Total Expenses	<u>\$ 369,788</u>	<u>\$ 101,866</u>	<u>\$ 33,532</u>	<u>\$ 505,186</u>

**RESTATED
YEAR ENDED SEPTEMBER 30, 2015**

	Youth Development	Management and General	Fundraising	Total
Expenses:				
Salaries and Wages	\$ 306,088	6,885		\$ 312,973
Payroll Taxes	19,079	782		19,861
	<u>325,167</u>	<u>7,667</u>	<u>-</u>	<u>332,834</u>
Professional Services		9,803	22,665	32,468
Insurance	8,083	12,878		20,961
Office Expenses	777	9,991	1,574	12,342
Occupancy		10,499		10,499
Marketing		2,077	9,603	11,680
Ranger Training and Enrichment	17,719			17,719
Equipment and Tools	4,310	4,761		9,071
Vehicle Operations	17,344	1,729		19,073
Block Model Project	15,990			15,990
Depreciation		10,610		10,610
Total Expenses	<u>\$ 389,390</u>	<u>\$ 70,015</u>	<u>\$ 33,842</u>	<u>\$ 493,247</u>