

# YES! Media

## Financial Statements and More

Cole Voorhees, Senior Manager

August 7, 2023



# Audit Team



**Harmon Sahota**  
*Accounting Associate*

*When asked four fun facts, Harman claims –*

- *Loves traveling (going to Greece and the Maldives nowish)*
- *Two German Shepherds (Shera and Dara)*
- *COFFEE*
- *Originally planned to be an interior designer, but couldn't withstand the call of accounting*



**Cole Voorhees**  
*Senior Manager*  
*Nonprofit Practice Leader*

*Hobbies include –*

- *Charlotte Hornets (fan, if not obvious)*
- *Cats*
- *Drinking/brewing beer*
- *Laying in the sun like an alligator*



# About Larson Gross

- ▶ Local CPA firm with five offices –
  - ▶ Bellingham
  - ▶ Lynden
  - ▶ Burlington
  - ▶ Yakima
  - ▶ Wenatchee



Don't get us wrong – we serve businesses across a wide range of industries. **But here are a few we're extra nerdy in:**



Agriculture



Construction



Individuals & Families



International



Nonprofit



# Annual Audits – Why?

- ▶ **Required by:**
  - ▶ Washington Administrative Code (WAC) 434-120-107
    - ▶ A charitable organization with an annual gross revenue exceeding \$3 million over the three preceding, fiscal years must file an audited financial statement prepared by an independent CPA.
- ▶ **Good governance; accountability to constituents**
- ▶ **Part of healthy system of checks and balances**



# Annual Audits – Misperceptions

- ▶ An annual audit is not:
  - ▶ A fraud investigation
  - ▶ A guarantee that all numbers are right
  - ▶ An insurance policy
  - ▶ A review of all the checks written in the year
  - ▶ A once-a-year check on your staff
  - ▶ A substitute for good day-to-day internal controls



# The Role of the External Auditor

- ▶ Licensed by the States, regulated by federal and state government and the AICPA
- ▶ Independent, unbiased, nonpolitical
- ▶ Responsibility to all readers of the financial statements: Board of Directors, Finance Committee, Management, and Regulatory Bodies



# Outcomes of a Good Audit

- ▶ Tells you whether the accounting function is giving you good information
- ▶ Tells you how to improve your internal control system
- ▶ Ultimately, provides you with ASSURANCE – assurance that the financial statements are a reasonable depiction of your financial situation



# Scope of Services

We have performed the following services:

- ▶ Annual financial statement audit for the year ended December 31, 2022
  
- ▶ We also provided non-attest services:
  - ▶ Assist management with drafting the financial statements
  - ▶ Form 990 tax return preparation (due 11/15/23)





# Reports To Be Issued

- ▶ Independent Auditor's Report on the Financial Statements
- ▶ Management Letter – Communication with Those Charged With Governance (AU-C 260)



# Financial Statements

- ▶ Highlights
- ▶ Report of Independent Auditor's
  - ▶ Known as a “clean” or “unqualified” opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Positive Futures Network dba YES! Media as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



# Audit Highlights – “Balance Sheet”

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,764,889	\$ 2,137,933
Certificate of deposit	101,059	225,676
Grants receivable	330,000	586,314
Contributions receivable	70,795	109,302
Inventory	47,308	46,139
Total current assets	<u>2,314,051</u>	<u>3,105,364</u>
<b>Noncurrent assets</b>		
Certificate of deposit	126,496	-
Grants receivable, noncurrent, net of discount	52,000	49,500
Contributions receivable, noncurrent, net of discount	50,000	73,500
Software and development costs, net	43,029	115,145
Total noncurrent assets	<u>271,525</u>	<u>238,145</u>
Total assets	<u>\$ 2,585,576</u>	<u>\$ 3,343,509</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 20,463	\$ 27,541
Accrued payroll	60,769	57,624
Subscription contract liability	280,801	349,251
Total current liabilities	<u>362,033</u>	<u>434,416</u>
<b>Net assets</b>		
Without donor restrictions		
Undesignated	682,038	1,123,587
Board-designated	1,316,005	1,187,006
Total net assets without donor restrictions	<u>1,998,043</u>	<u>2,310,593</u>
With donor restrictions	225,500	598,500
Total net assets	<u>2,223,543</u>	<u>2,909,093</u>
Total liabilities and net assets	<u>\$ 2,585,576</u>	<u>\$ 3,343,509</u>



# Audit Highlights – “Income Statement”

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>						
Contributions	\$ 1,216,517	\$ -	\$ 1,216,517	\$ 2,390,776	\$ 75,500	\$ 2,466,276
Grants	623,691	100,000	723,691	248,896	330,643	579,539
Subscriptions	559,083	-	559,083	675,128	-	675,128
Other income	14,156	-	14,156	8,063	-	8,063
Net assets released from restrictions	473,000	(473,000)	-	827,700	(827,700)	-
<b>Total support and revenue</b>	<b>2,886,447</b>	<b>(373,000)</b>	<b>2,513,447</b>	<b>4,150,563</b>	<b>(421,557)</b>	<b>3,729,006</b>
<b>Expenses</b>						
Program services	2,567,012	-	2,567,012	2,293,220	-	2,293,220
Management and general	210,908	-	210,908	183,114	-	183,114
Fundraising	421,077	-	421,077	321,295	-	321,295
<b>Total expenses</b>	<b>3,198,997</b>	<b>-</b>	<b>3,198,997</b>	<b>2,797,629</b>	<b>-</b>	<b>2,797,629</b>
<b>Change in net assets</b>	<b>(312,550)</b>	<b>(373,000)</b>	<b>(685,550)</b>	<b>1,352,934</b>	<b>(421,557)</b>	<b>931,377</b>
Net assets – beginning of year	2,310,593	598,500	2,909,093	957,659	1,020,057	1,977,716
<b>Net assets – end of year</b>	<b>\$ 1,998,043</b>	<b>\$ 225,500</b>	<b>\$ 2,223,543</b>	<b>\$ 2,310,593</b>	<b>\$ 598,500</b>	<b>\$ 2,909,093</b>



# Audit Highlights – Key Financial Ratios

	YES!		Benchmarks	
	2022	2021	United Way	LG Clients
Current Assets	2,314,051	3,105,364	N/A	N/A
Current Liabilities	271,525	238,145	N/A	N/A
Current Ratio	8.5	13.0	2 - 3	7
Working Capital	2,042,526	2,867,219	N/A	N/A
<b>Expenses</b>				
Program	80%	82%	75 - 85%	75.90%
Management and General	7%	7%	15 - 20%	20.70%
Fundraising	13%	11%	0 - 5%	3.40%
Total Expenses	3,198,997	2,797,629	N/A	N/A
Expenses per day	8,764	7,665	N/A	N/A
Total Expenses per day in Working Capital	233	374	45+	279.8

- Benchmarks are generic to nonprofit organizations and have been derived from benchmarking organizations United Way of King County and Charity Navigator
- LG clients are compiled based on the average in our database of all nonprofit audit clients



# Required Communications

- ▶ Includes communications that are required by the auditor's professional standards
- ▶ Defines the responsibilities of the Auditor and Management
- ▶ Identifies any unusual transactions
- ▶ Summary of major accounting estimates
- ▶ Summary of audit adjustments (both recorded and unrecorded)
  - ▶ 4 audit adjustment
    - ▶ 1 – improperly recognizing revenue (\$30,000)
    - ▶ 2 – Recording a prior year pledge receivable on the cash basis (\$75,000)
    - ▶ 2 for rounding (~\$400)



# Summary

- ▶ Management and employees took the audits seriously and were very cooperative
- ▶ YES! is in a strong financial position
- ▶ Audit will be finalized after your approval and a final review
- ▶ 990 – to come back to in the fall



Questions?

