

BOYS' TOWNS OF ITALY, INC.
d.b.a. A CHANCE IN LIFE
Financial Statements
For the Years Ended
December 31, 2016 and 2015
(Audited)

BOYS' TOWNS OF ITALY, INC.
d.b.a. A CHANCE IN LIFE
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For the Years Ended
December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys' Towns of Italy, Inc. d.b.a. A Chance in Life

We have audited the accompanying financial statements of Boys' Towns of Italy, Inc. d.b.a. A Chance in Life, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, 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. 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 Boys Towns of Italy, Inc. d.b.a. A Chance in Life as of December 31, 2016 and the changes in net assets functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Loeb & Troper LLP as of December 31, 2015, were audited by other auditors whose report dated September 20, 2016, expressed an unmodified opinion on those statements.

Daszkowski, Tompkins, Wieg & Carbonella P.C. CPA

Matawan, New Jersey
July 11, 2017

BOYS' TOWNS OF ITALY, INC. d.b.a. A CHANCE IN LIFE
Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 389,938	\$ 769,544
Investments	2,186,990	1,566,425
Contributions receivable	7,160	4,400
Prepaid expenses & other assets	63,312	50,683
Office equipment and furniture (net of accumulated depreciation of \$5,551 in 2016 and \$35,928 in 2015)	17,000	834
Total assets	\$ 2,664,400	\$ 2,391,886
 Liabilities and Net Assets		
Accounts payable and accrued expense	\$ 34,460	\$ 44,511
Total liabilities	34,460	44,511
 Net Assets		
Unrestricted	2,629,940	2,299,875
Temporarily restricted (Note 6)	-	47,500
Total net assets	2,629,940	2,347,375
Total liabilities and net assets	\$ 2,664,400	\$ 2,391,886

The accompanying notes are an integral part of these financial statements.

BOYS TOWNS OF ITALY, INC. d.b.a. A CHANCE IN LIFE
Statement of Activities for the Year Ended December 31, 2016
(with the comparative totals for the year ended December 31, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2016</u>	<u>2015</u>
Revenues				
Contributions	\$ 912,200	\$ 134,517	\$ 1,046,717	\$ 1,711,095
Special events	881,574		881,574	1,105,713
Direct costs of special events	(368,161)		(368,161)	(384,303)
Investment income	134,994		134,994	(32,684)
Foreign exchange loss			-	
Net assets released from restrictions	<u>182,017</u>	<u>(182,017)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,742,624</u>	<u>(47,500)</u>	<u>1,695,124</u>	<u>2,399,821</u>
Expenses				
Program services-youth development	1,055,858		1,055,858	946,368
Supporting services				
Management and general	206,082		206,082	193,501
Fund raising	<u>150,619</u>		<u>150,619</u>	<u>239,561</u>
Total expenses	<u>1,412,559</u>	<u>-</u>	<u>1,412,559</u>	<u>1,379,430</u>
Change in net assets	330,065	(47,500)	282,565	1,020,391
Net assets - beginning of year	<u>2,299,875</u>	<u>47,500</u>	<u>2,347,375</u>	<u>1,326,983</u>
Net assets - end of year	<u>\$ 2,629,940</u>	<u>\$ -</u>	<u>\$ 2,629,940</u>	<u>\$ 2,347,374</u>

BOYS' TOWNS OF ITALY, INC. d.b.a. A CHANCE IN LIFE
Statement of Functional Expenses for the Year Ended December 31, 2016
 (with the comparative totals for 2015)

	Program Services		Supporting Services		Total Expenses	
	Care for Marginalized Youth	Advance, Study and Promote Self- Government	Management and General	Fund Raising	2016	2015
Salaries	\$ 254,707	\$ 72,774	\$ 18,193	\$ 18,193	\$ 363,867	\$ 296,584
Payroll taxes and employee benefits	55,992	15,998	4,000	3,999	79,989	51,954
Total salaries and related expenses	310,699	88,772	22,193	22,192	443,856	348,538
Awards & Grants	514,977				514,977	723,163
Professional fees	101,665	26,583	16,272	29,396	173,916	94,866
Advertising and promotions	2,417	37,403	554	23,551	63,925	44,585
Transportation and travel	28,989	1,813	2,244	8,704	41,750	25,480
Occupancy cost	2,682	2,673	46,015	5,398	56,768	48,625
Telecommunications	595	595	595	4,166	5,951	7,807
Technology services and software	3,866	3,186	4,546	5,226	16,824	4,192
Office expense	693	692	4,425	2,771	8,581	6,613
Marketing and business development	5,652	2,877	886	23,079	32,494	32,684
Insurance			7,320		7,320	7,133
Miscellaneous			14,896		14,896	6,146
Bank and credit card fees			16,996		16,996	14,092
Investment management fees			11,886		11,886	14,550
Depreciation			2,419		2,419	956
Total expenses	\$ 972,235	\$ 164,594	\$ 151,247	\$ 124,483	\$ 1,412,559	\$ 1,379,430

The accompanying notes are an integral part of these financial statements.

BOYS' TOWNS OF ITALY, INC. d.b.a. A CHANCE IN LIFE
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Change in net assets	\$ 282,565	\$ 1,020,392
Adjustments to reconcile change in net asset to cash provided (used) by operating activities		
Depreciation	2,419	956
Net realized and unrealized loss (gain) on investments	(83,834)	64,977
Decrease (increase) in assets		
Contributions receivable	(2,760)	(4,400)
Prepaid expenses and other assets	(12,629)	(21,034)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(10,051)	5,495
Net cash provided (used) by operating activities	175,710	1,066,386
Cash Flows from Investing Activities:		
Purchase office equipment and furniture	(18,585)	-
Purchases on investments	(1,450,510)	(778,593)
Proceeds from sale of investments	913,779	252,905
Net cash provided (used) by investing activities	(555,316)	(525,688)
Net change in cash	(379,606)	540,698
Beginning of year	769,544	228,846
End of year	\$ 389,938	\$ 769,544

The accompanying notes are an integral part of these financial statements.

BOYS' TOWNS OF ITALY, INC.
d.b.a. A CHANCE IN LIFE
Notes to Financial Statements
For the Years Ended
December 31, 2016 and 2015

Note 1 – Nature of Organization

Boys' Towns of Italy, Inc. d.b.a. A Chance in Life (the Organization) is located in New York City. The Organization was created "to solicit funds and contributions, and to , by gift, deed, bequest or devise and otherwise, acquire money and property of every kind and description, and to administer, expend, contribute, use and otherwise dispose of the principal and income of the same in furnishing aid and assistance for girls' and boys' towns in Italy and elsewhere and other similar programs for marginalized youth, such aid and assistance to be furnished through other humanitarian corporations and instrumentalities of the Board and to render any and all services in connection therewith." The primary sources of revenue are contributions and special events.

In October 2015, the Board of Directors resolved that the Organization should start doing business with a new denomination "A Chance in Life" to more accurately reflect the international expansion of the Organization.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting

The financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America (GAAP) and are presented on the basis of unrestricted, temporarily, and permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand or in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less. Cash and cash equivalents held with investment account are included with the investment portfolio.

Contributions Receivable

Contributions receivable consist of unconditional promises to give that are received in the first week after the year end that is post marked in prior year.

Use of Estimates

The preparation of 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 amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

BOYS' TOWNS OF ITALY, INC.
d.b.a. A CHANCE IN LIFE
Notes to Financial Statements
For the Years Ended
December 31, 2016 and 2015

Note 2 – Summary of Significant Accounting Policies (continued)

Investments

Investments are reflected on the statements of financial position at fair value. Changes in unrealized gains and losses resulting from changes in fair value are reflected in the statements of activities and changes in net assets. Dividends and interest are recognized as they are earned.

Office equipment and furniture

Office equipment and furniture are recorded at cost. The Organization capitalizes all property and equipment having a cost of \$1,000 or more with an estimated useful life of greater than one year. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets as follows:

Office equipment and furniture	5-7 years
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Unrestricted Net Assets

Unrestricted net assets represent unrestricted resources available to support the Organization's operations and temporarily restricted resources which have become available for use by the Organization in accordance with the intentions of donors.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent gifts that are subject to donor-imposed purpose or time restrictions that can be fulfilled either by actions of the Organization pursuant to those restrictions, with the passage of time, or both. Upon satisfaction of such restrictions, net assets are released from temporarily restricted net assets and recognized as unrestricted net assets.

Permanently Restricted Net Assets

Permanently restricted net assets represent gifts with donor-imposed restrictions that the original gift amounts be maintained in perpetuity as an endowment. Presently the Organization does not have any permanently restricted net assets.

Revenue Recognition

Contributions, including unconditional promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily restricted or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

BOYS' TOWNS OF ITALY, INC.
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Notes to Financial Statements
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Note 2 – Summary of Significant Accounting Policies (continued)

Expense Recognized and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or service support are charged directly to that program. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as occurred even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Tax Status

The Organization is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Organization has been determined by the IRS to be publicly supported organization, and not a private foundation. Donors are eligible to receive the maximum charitable tax deduction available for public charities under the IRC. As of December 31, 2016, no amounts have been recognized for uncertain income tax positions. The Organization tax returns for the year ended 2014 and forward are subject to the usual review by the appropriate authorities.

Fair value measurements

The Organization follows guidance with respect to accounting and reporting for fair value of its financial assets and liabilities. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between participants on the measurement date. Fair Value requires an Organization to determine the unit of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured.

BOYS' TOWNS OF ITALY, INC.
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Notes to Financial Statements
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Note 2 – Summary of Significant Accounting Policies (continued)

This guidance also establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The three inputs levels are as follows:

- Level 1. Quoted prices in active markets that the Organization has the ability to access for identical assets or liabilities for which significant observable inputs exist. Market price data is generally obtained from exchange or dealer markets. The Organization does not adjust the quoted price for such assets and liabilities. Investments included in level 1 may include certain equity securities, registered mutual funds and exchange traded funds.
- Level 2. Inputs other than level 1 that are observable, either directly or indirectly such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of assets or liabilities. This includes use of model based valuations techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers. Investments included in level 2 may include certain U.S. government bonds, money market funds, fixed income, equity and hedge funds and other multi strategy funds for which observable inputs exist and trade in markets not considered to be active.
- Level 3. Unobservable inputs, as they trade infrequently or not at all, that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Investments included in level 3 primary consist of the Organization's ownership in equity fund investments, hedge funds private equity funds, real asset funds and other similar funds. The values of these investments represent the ownership interest in the net asset value of the respective partnerships. These investments are primarily made under agreements to participate in investment vehicles and are generally subject to certain withdrawal restrictions. The fair value of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals or other estimates that require varying degrees of judgment.

BOYS' TOWNS OF ITALY, INC.
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Note 2 – Summary of Significant Accounting Policies (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 3 – Investments

Investments are shown in the financial statements at approximate fair value and are composed of the following at December 31, 2016 and 2015 and deemed to be level 1 investments (quoted prices in active markets).

	2016 Level 1	2015 Level 1
Cash equivalents	\$ 36,427	\$ 36,566
Equity securities	436,789	722,915
Registered mutual funds	486,029	538,071
Total equities	<u>922,818</u>	<u>1,260,986</u>
Fixed Income:		
Certificates of deposits	639,233	-
Mutual funds	402,922	132,857
Total accrued interest	1,531	-
Total fixed income	<u>1,043,687</u>	<u>132,857</u>
Non-Traditional-Mutual Funds	<u>47,738</u>	<u>30,518</u>
Other-Mutual Funds	<u>136,320</u>	<u>105,498</u>
Total investments	<u>\$ 2,186,990</u>	<u>\$ 1,566,425</u>

The return on investments for December 31, 2016 and 2015 consist of the following:

	2016	2015
Interest and dividends	\$ 51,021	\$ 32,293
Net realized loss on investments	(24,110)	47,819
Net unrealized gains on investments	<u>108,083</u>	<u>(112,796)</u>
Total return on investments (loss)	134,994	(32,684)
Less investment fees	<u>(11,886)</u>	<u>(14,550)</u>
Net return on investments (loss)	<u>\$ 123,108</u>	<u>\$ (47,234)</u>

BOYS' TOWNS OF ITALY, INC.
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Note 4 – Rent Expense

The Organization leases office space in New York City. The lease is for two years ending February 28, 2017 has been renewed for an additional two years. Rent expense for the years ended December 31, 2016 and 2015 was \$53,100 and \$48,625. The future lease commitments are:

2017	\$ 54,580
2018	55,200
2019	<u>9,200</u>
Total	<u>\$ 118,980</u>

Note 5 – Pension Plan

The Organization allows staff the opportunity to save for retirement through a simple IRA plan. The Organization may provide a discretionary matching amount up to a 3% match. The matching expense for the years ended December 31, 2016 and 2015 was \$8,158 and \$0 respectively.

Note 6 – Temporarily Restricted Net Assets

During 2016 the balance of the restructuring project that was initiated in 2014 was released from the temporarily restricted funds.

Note 7 – Concentration and Commitment

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank deposits and money market accounts. As of year-end December 31, 2016 and 2015 the Organization's cash were in a bank above the FDIC's general deposit insurance rules but management is confident in the soundness of the institution.

During 2015, the Organization approved \$300,000 in grants for the Ethiopia program. These grant awards are contingent on receiving satisfactory reports and the proper implementation of the program. As the grants are revocable and contingent, the remaining \$173,800 has not been accrued.

NOTE 8: Subsequent Events

Subsequent events have been evaluated through July 11, 2017, which is the date the financial statements were available to be issued. There have been no material subsequent events that occurred during such period that would require disclosure in this report or would required to be recognized in the financial statements as of December 31, 2016.