




ACCESS YOUTH ACADEMY

Financial Statements

Years Ended August 31, 2015 and 2014



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Years Ended August 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Access Youth Academy
San Diego, California

We have audited the accompanying financial statements of Access Youth Academy (a nonprofit organization), which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' 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 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 Access Youth Academy as of August 31, 2015 and 2014, 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.

AKT LLP

San Diego, California
November 12, 2015

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ACCESS YOUTH ACADEMY
Statements of Financial Position
August 31, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash	\$ 802,170	\$ 368,019
Pledges receivable	500,000	400,000
Prepaid expenses	<u>14,018</u>	<u>8,457</u>
Total Current Assets	1,316,188	776,476
Non-Current Assets:		
Pledges receivable, net	-	480,948
Property and equipment, net of accumulated depreciation	<u>29,058</u>	<u>14,655</u>
Total Non-Current Assets	<u>29,058</u>	<u>495,603</u>
Total Assets	<u>\$ 1,345,246</u>	<u>\$ 1,272,079</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 5,299	\$ 2,005
Accrued expenses	<u>4,633</u>	<u>1,449</u>
Total Current Liabilities	9,932	3,454
Deferred Revenue	<u>57,120</u>	<u>-</u>
Total Liabilities	67,052	3,454
Net Assets:		
Unrestricted	(259,110)	(82,488)
Temporarily restricted	<u>1,537,304</u>	<u>1,351,113</u>
Total Net Assets	<u>1,278,194</u>	<u>1,268,625</u>
Total Liabilities and Net Assets	<u>\$ 1,345,246</u>	<u>\$ 1,272,079</u>

ACCESS YOUTH ACADEMY
Statement of Activities
Year Ended August 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support:			
Individual contributions	\$ 266,207	\$ -	\$ 266,207
Grants	-	184,052	184,052
Corporate contributions	31,643	53,500	85,143
Special events	49,212	-	49,212
Other	115,391	-	115,391
Net assets released from restrictions, Satisfaction of program restrictions	<u>51,361</u>	<u>(51,361)</u>	<u>-</u>
Total Revenue and Support	513,814	186,191	700,005
Expenses:			
Program services	416,616	-	416,616
Supporting services:			
General and administrative	111,812	-	111,812
Fundraising	<u>162,008</u>	<u>-</u>	<u>162,008</u>
Total Expenses	<u>690,436</u>	<u>-</u>	<u>690,436</u>
Change in Net Assets	(176,622)	186,191	9,569
Net Assets (Deficit), beginning	<u>(82,488)</u>	<u>1,351,113</u>	<u>1,268,625</u>
Net Assets (Deficit), ending	<u>\$ (259,110)</u>	<u>\$ 1,537,304</u>	<u>\$ 1,278,194</u>

ACCESS YOUTH ACADEMY
Statement of Activities
Year Ended August 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support:			
Grants	\$ -	\$ 1,280,948	\$ 1,280,948
Individual contributions	130,412	126,650	257,062
Corporate contributions	34,690	85,000	119,690
Special events	101,644	-	101,644
Other	24,707	-	24,707
Net assets released from restrictions, Satisfaction of program restrictions	<u>221,885</u>	<u>(221,885)</u>	<u>-</u>
Total Revenue and Support	513,338	1,270,713	1,784,051
Expenses:			
Program services	341,568	-	341,568
Supporting services:			
General and administrative	105,557	-	105,557
Fundraising	<u>210,339</u>	<u>-</u>	<u>210,339</u>
Total Expenses	<u>657,464</u>	<u>-</u>	<u>657,464</u>
Change in Net Assets	(144,126)	1,270,713	1,126,587
Net Assets, beginning	<u>61,638</u>	<u>80,400</u>	<u>142,038</u>
Net Assets (Deficit), ending	<u><u>\$ (82,488)</u></u>	<u><u>\$ 1,351,113</u></u>	<u><u>\$ 1,268,625</u></u>

ACCESS YOUTH ACADEMY
Statement of Functional Expenses
Year Ended August 31, 2015

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 182,521	\$ 31,383	\$ 109,022	\$ 322,926
Facility use fees	144,000	-	-	144,000
Special events	-	-	28,047	28,047
Payroll taxes	15,761	2,050	8,449	26,260
Professional fees	-	25,132	-	25,132
Squash tournament	15,490	-	-	15,490
Insurance	-	14,290	-	14,290
Outside services	-	13,500	-	13,500
Travel	12,416	-	-	12,416
College trip	9,377	-	-	9,377
Marketing and development	-	-	9,290	9,290
In-kind entertainment	8,420	-	-	8,420
Automobile	7,108	-	-	7,108
Depreciation	-	6,278	-	6,278
Board	-	-	5,825	5,825
Miscellaneous	3,907	1,889	-	5,796
Supplies	3,059	2,736	-	5,795
Payroll processing fees	-	5,563	-	5,563
Summer camps	5,415	-	-	5,415
Telephone	1,680	2,238	1,090	5,008
Staff development and training	4,320	535	89	4,944
Payment provider processing fees	-	4,453	-	4,453
Postage	661	862	196	1,719
SAT prep courses	1,300	-	-	1,300
Food and drink	1,050	-	-	1,050
Printing and copying	131	903	-	1,034
Total Operating Expenses	\$ 416,616	\$ 111,812	\$ 162,008	\$ 690,436

ACCESS YOUTH ACADEMY
Statement of Functional Expenses
Year Ended August 31, 2014

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 161,995	\$ 36,275	\$ 114,807	\$ 313,077
Health and wellness	77,685	-	-	77,685
Special events	-	-	53,474	53,474
Facility use fees	36,000	-	-	36,000
Marketing and development	45	604	25,861	26,510
Payroll taxes	13,096	2,596	9,728	25,420
Professional fees	-	23,924	-	23,924
Insurance	-	13,142	-	13,142
Miscellaneous	2,836	7,214	534	10,584
In-kind entertainment	8,490	-	-	8,490
College trip	8,283	-	-	8,283
Depreciation	-	6,627	-	6,627
Travel	5,195	-	1,352	6,547
Summer camps	6,204	-	-	6,204
Automobile	6,049	-	-	6,049
Payment provider processing fees	-	5,015	-	5,015
Telephone	1,210	2,389	1,340	4,939
Squash tournament	4,526	-	-	4,526
Payroll processing fees	-	4,383	-	4,383
Printing and copying	185	936	3,166	4,287
Staff development and training	3,500	500	-	4,000
SAT prep courses	2,500	-	-	2,500
Supplies	1,405	972	-	2,377
Uniforms	1,311	-	-	1,311
Postage	-	980	77	1,057
Food and drink	1,053	-	-	1,053
Total Operating Expenses	\$ 341,568	\$ 105,557	\$ 210,339	\$ 657,464

ACCESS YOUTH ACADEMY
Statements of Cash Flows
Years Ended August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 9,569	\$ 1,126,587
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,278	6,627
Changes in operating assets and liabilities:		
Pledges receivable, net	380,948	(880,523)
Prepaid expenses	(5,561)	(3,817)
Accounts payable	3,294	24
Accrued expenses	3,184	1,449
Deferred revenue	<u>57,120</u>	<u>-</u>
Net Cash Provided by Operating Activities	454,832	250,347
Cash Flows Used by Investing Activities:		
Purchases of property and equipment	<u>(20,681)</u>	<u>(15,261)</u>
Net Increase in Cash	434,151	235,086
Cash, beginning	<u>368,019</u>	<u>132,933</u>
Cash, ending	<u>\$ 802,170</u>	<u>\$ 368,019</u>

ACCESS YOUTH ACADEMY

Notes to Financial Statements

Years Ended August 31, 2015 and 2014

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

Access Youth Academy (the Organization – formerly Surf City Squash Inc.) is a 501(c)(3) nonprofit organization that was incorporated in 2005 in California. The principal mission of the Organization is to use the sport of squash as a catalyst to transform the lives of underserved youth. The Organization provides an after-school program to students of San Diego County, which is focused on the Organization's four pillars: Academic Achievement, Health and Wellness, Leadership, and Social Responsibility. The Organization is supported through public and private grants and contributions.

Use of Estimates

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

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations. There are no permanently restricted net assets for the years ended August 31, 2015 and 2014.

Pledges Receivable

Pledges receivable consist of unconditional promises to give. The allowance for estimated uncollectible pledges receivable is based on past experience and an analysis of current receivable balances and is expensed when the pledge is initially received. Receivables deemed uncollectible are recorded against the allowance. There was no estimated allowance for pledges receivable at August 31, 2015 and 2014 as management believes all amounts are collectible. Pledges to be received over a period greater than 1 year from the date of the financial statements are discounted using a discount rate of 3%.

Property and Equipment

Acquisitions of property and equipment of \$500 or more and with a useful life of greater than one year are capitalized. Property and equipment are carried at cost or, if donated, at approximate value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which correspond to the related asset class. Computer equipment is depreciated over a period of three to five years, vehicles and leasehold improvements are depreciated over five years, and furniture is depreciated over five to seven years.

Contributions and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

ACCESS YOUTH ACADEMY
Notes to Financial Statements
Years Ended August 31, 2015 and 2014

Note 1 – Organization and Summary of Significant Accounting Policies, continued

In-kind Contributions

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value for services that require specialized skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. In-kind contributions are recognized as unrestricted net assets, unless donor stipulation requires them to be recognized as temporarily restricted net assets.

During the years ended August 31, 2015 and 2014, the Organization received \$113,920 and \$24,690 of in-kind contributions, respectively.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. 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. The Organization may be subject to tax on income which is not related to its exempt purpose. For the years ended August 31, 2015 and 2014, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Organization follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the years ended August 31, 2015 and 2014.

Subsequent Events

The Organization has evaluated subsequent events through November 12, 2015, which is the date the financial statements were available to be issued.

Note 2 – Concentration of Credit Risk

Revenue

During the years ended August 31, 2015 and 2014, the Organization received approximately 27% of its total revenue from one grant and 76% of its total revenues and support from two grants, respectively.

Cash

The Organization maintains accounts at a financial institution with funds insured by the Federal Deposit Insurance Corporation (FDIC). The Organization's accounts at this institution may, at times, exceed FDIC-insured limits of up to \$250,000. The Organization has not experienced any such losses in these accounts and believes it is not exposed to any significant credit risk on cash.

ACCESS YOUTH ACADEMY
Notes to Financial Statements
Years Ended August 31, 2015 and 2014

Note 3 – Pledges Receivable

Pledges receivable is summarized as follows:

	2015	2014
Gross pledges receivable	\$ 500,000	\$ 900,000
Imputed discount - 3%	<u>-</u>	<u>(19,052)</u>
	<u>\$ 500,000</u>	<u>\$ 880,948</u>
Pledges receivable due in one year or less	\$ 500,000	\$ 400,000
Pledges receivable due within one to five years	<u>-</u>	<u>480,948</u>
	<u>\$ 500,000</u>	<u>\$ 880,948</u>

Note 4 – Property and Equipment

Property and equipment consists of the following:

	2015	2014
Furnitures and fixtures	\$ 28,781	\$ 27,600
Vehicles	26,620	26,620
Building	10,727	10,727
Library	600	600
Leasehold Improvements	<u>19,500</u>	<u>-</u>
	86,228	65,547
Less accumulated depreciation	<u>(57,170)</u>	<u>(50,892)</u>
	<u>\$ 29,058</u>	<u>\$ 14,655</u>

Note 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at August 31:

	2015	2014
Health and Wellness Program	\$ 20,954	\$ 3,815
Capital Campaign	<u>1,516,350</u>	<u>1,347,298</u>
	<u>\$ 1,537,304</u>	<u>\$ 1,351,113</u>

ACCESS YOUTH ACADEMY
Notes to Financial Statements
Years Ended August 31, 2015 and 2014

Note 5 – Temporarily Restricted Net Assets, continued

During the years ended August 31, 2015 and 2014, net assets were released from donor restrictions by incurring expenditures satisfying the restrictions as follows:

	2015	2014
Health and Wellness Program	\$ 17,861	\$ 77,685
Academic Learning Center	-	44,200
Capital Campaign	-	100,000
Restricted for Program Expenses	<u>33,500</u>	<u>-</u>
	<u>\$ 51,361</u>	<u>\$ 221,885</u>

Note 6 – Related Party Transactions

The Organization leased its facilities from Squash Group, LLC dba San Diego Squash. The members of Squash Group, LLC consist of three board members, one of which is the executive director of the Organization, and one unrelated member.

As of August 2015, the Organization entered into a one year lease agreement, renewable annually, with Squash Group, LLC with a monthly rent of \$5,500. The Organization paid Squash Group, LLC \$38,500 and \$19,800 in rent for the years ended August 31, 2015 and 2014, respectively. In-kind donation and expense totaling \$108,500 and \$16,200 has been recognized as a result of the difference between amounts paid and the fair market value of the facility rent for the years ended August 31, 2015 and 2014, respectively.

Future minimum lease payments under this operating lease are as follows:

<u>Year ending August 31,</u>	
2016	\$ 38,500
Thereafter	<u>-</u>
	<u>\$ 38,500</u>

Note 7 – Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 8 – Pension Plan

The Organization has a 401(k) salary deferral and profit sharing plan (the Plan) that is offered to all eligible employees, whereby employees may, on a pretax basis, contribute a portion of their earnings to a retirement account. The Organization may also make annual contributions at its discretion to the Plan. Contributions made by the Organization to the Plan totaled \$6,931 and \$13,500 for the years ended August 31, 2015 and 2014, respectively.

ACCESS YOUTH ACADEMY
Notes to Financial Statements
Years Ended August 31, 2015 and 2014

Note 9 – Conditional Pledges

During 2014, the Organization received restricted grant that contained donor imposed performance requirements. Since these grants represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met. For the year ended August 31, 2015, \$150,000 of the restricted grant had been received by the Organization and recognized as temporarily restricted grant revenue. At August 31, 2015, there was \$100,000 of conditional pledges not recognized in the financial statements, which will subsequently be recognized in the year ended August 31, 2016 as contribution revenue when donor conditions are met.

Note 10 – Deferred Revenue

During 2015, the Organization received advanced payments related conditional pledges totaling \$57,120 that contained donor conditions (facility naming requirements). Since these pledges represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met. These advanced payments are currently recorded as deferred revenue on the statement of financial position and will subsequently be recognized as contribution revenue when donor conditions are met.