



CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020



Leaf & Cole, LLP
Certified Public Accountants

**ACCESS YOUTH ACADEMY
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 17
Supplementary Information:	
Consolidating Schedule of Financial Position	18
Consolidating Schedule of Activities	19



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Access Youth Academy

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Access Youth Academy, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Access Youth Academy as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Leaf & Cole LLP

San Diego, California
December 10, 2020

ACCESS YOUTH ACADEMY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Current Assets: (Notes 2, 4, 6 and 9)

Cash	\$ 3,090,321
Accounts receivable	100
Interest receivable	2,792
Contributions receivable	167,500
Prepaid expenses	22,088
Total Current Assets	3,282,801

Noncurrent Assets: (Notes 2, 4, 5, 6 and 7)

Contributions receivable, net	437,490
Reserve	231,667
Note receivable	2,832,511
Property and equipment, net	3,399,689
Total Noncurrent Assets	6,901,357

TOTAL ASSETS **\$ 10,184,158**

LIABILITIES AND NET ASSETS

Current Liabilities: (Notes 2, 8 and 9)

Accounts payable	\$ 690,404
Accrued expenses	31,093
Interest payable	21,662
Deferred revenue	72,100
Total Current Liabilities	815,259

Noncurrent Liabilities: (Note 9)

Loans payable, net	7,516,233
Total Noncurrent Liabilities	7,516,233

Total Liabilities 8,331,492

Commitments and Contingencies: (Note 11)

Net Assets: (Notes 2 and 10)

Without donor restrictions	983,612
With donor restrictions	869,054
Total Net Assets	1,852,666

TOTAL LIABILITIES AND NET ASSETS **\$ 10,184,158**

The accompanying notes are an integral part of the consolidated financial statements.

**ACCESS YOUTH ACADEMY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenue and Support:</u>			
Contributions	\$ 364,606	\$ 688,396	\$ 1,053,002
Special events, net of direct benefit to donor of \$38,105	119,182	-	119,182
Interest income	13,403	-	13,403
Miscellaneous income	13,214	-	13,214
Net assets released from restrictions	40,000	(40,000)	-
Total Revenue and Support	<u>550,405</u>	<u>648,396</u>	<u>1,198,801</u>
<u>Expenses:</u>			
Program Services	<u>471,491</u>	<u>-</u>	<u>471,491</u>
Supporting Services:			
Management and general	164,967	-	164,967
Fundraising	<u>216,293</u>	<u>-</u>	<u>216,293</u>
Total Supporting Services	<u>381,260</u>	<u>-</u>	<u>381,260</u>
Total Expenses	<u>852,751</u>	<u>-</u>	<u>852,751</u>
Change in Net Assets	(302,346)	648,396	346,050
Net Assets at Beginning of Year	<u>1,285,958</u>	<u>220,658</u>	<u>1,506,616</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 983,612</u></u>	<u><u>\$ 869,054</u></u>	<u><u>\$ 1,852,666</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

ACCESS YOUTH ACADEMY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
<u>Salaries and Related Expenses:</u>				
Salaries and wages	\$ 225,462	\$ 76,070	\$ 129,451	\$ 430,983
Payroll taxes and related costs	16,819	5,675	9,657	32,151
Employee benefits	32,221	10,871	18,499	61,591
Total Salaries and Related Expenses	<u>274,502</u>	<u>92,616</u>	<u>157,607</u>	<u>524,725</u>
<u>Nonsalary Related Expenses:</u>				
College trip	9,691	-	-	9,691
Depreciation	586	-	-	586
Fees and other	62,000	1,124	-	63,124
Insurance	2,800	2,011	-	4,811
Interest	93,429	-	-	93,429
Marketing and development	-	-	25,067	25,067
Miscellaneous	730	6,638	-	7,368
Office supplies	574	948	-	1,522
Postage and mailing service	-	1,017	-	1,017
Printing and copying	196	196	-	392
Professional fees	-	40,079	-	40,079
Rent	8,926	13,253	13,253	35,432
SAT preparation	953	-	-	953
Special events	680	-	18,346	19,026
Squash tournament	8,340	-	-	8,340
Staff development and training	-	3,717	-	3,717
Squash membership	1,899	-	-	1,899
Summer camps	2,746	-	-	2,746
Telephone	-	1,348	-	1,348
Travel	158	2,020	2,020	4,198
Uniforms and equipment	3,281	-	-	3,281
Total Nonsalary Related Expenses	<u>196,989</u>	<u>72,351</u>	<u>58,686</u>	<u>328,026</u>
Total Expenses	<u>\$ 471,491</u>	<u>\$ 164,967</u>	<u>\$ 216,293</u>	<u>\$ 852,751</u>

The accompanying notes are an integral part of the consolidated financial statements.

**ACCESS YOUTH ACADEMY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

Cash Flows From Operating Activities:

Change in net assets	\$ 346,050
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	586
Amortization of debt issuance costs	6,300
(Increase) Decrease in:	
Accounts receivable	(100)
Interest receivable	(2,792)
Contributions receivable	(363,447)
Prepaid expenses	12,343
Increase (Decrease) in:	
Accounts payable	(7,621)
Accrued expenses	10,760
Interest payable	18,379
Deferred revenue	59,100
Net Cash Provided by Operating Activities	<u>79,558</u>

Cash Flows From Investing Activities:

Increase in note receivable	(2,832,511)
Purchase of property and equipment	(735,511)
Net Cash Used in Investing Activities	<u>(3,568,022)</u>

Cash Flows From Financing Activities:

Payments for debt issuance costs	(105,845)
Payments on loan payable	(855,000)
Proceeds from loan payable	7,615,778
Net Cash Provided by Financing Activities	<u>6,654,933</u>

Net Increase in Cash and Restricted Reserve 3,166,469

Cash and Restricted Reserve at Beginning of Year 155,519

CASH AND RESTRICTED RESERVE AT END OF YEAR **\$ 3,321,988**

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest, net of capitalized interest (Note 2)	\$ <u>68,750</u>
--	------------------

The accompanying notes are an integral part of the consolidated financial statements.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 - Organization:

Access Youth Academy (“AYA”) is a 501(c)(3) nonprofit organization that was incorporated in 2005 in California. AYA’s principal mission is to transform lives of underserved youth through academic enrichment, health and wellness, social responsibility and leadership through squash. AYA uses the sport of squash as a catalyst to transform the lives of underserved youth.

AYA provides comprehensive afterschool programming for underprivileged youth via our four pillar approach of academic enrichment, health and wellness, community service, and leadership, through the sport of squash. The mission of AYA is to ensure student success throughout high school and that each student earns a college degree, receiving the greatest amount of scholarship and financial aid possible.

AYA dedicates 12 years to the students starting in 7th grade and supporting them through college and as they begin their career path. AYA works with a partner school, The Preuss School, UCSD, in providing free afterschool programming. All AYA students are low-income youth from the most underserved communities of San Diego County and are predominantly first-generation college bound.

Since 2016, AYA has been planning the construction of a new facility to blends sports, academics, and business activities in one location (the “Project”). In 2017, AYA acquired land and began the design phase of construction. Funding for the project was secured from multiple sources and the funders required that a separate corporation hold the land and building. Therefore, a new California nonprofit public benefit corporation was formed in 2019, Access Support Corporation (ASC) to be operated at all times exclusively for the benefit of, to perform the functions of, and/or to carry out the purposes of AYA. . In 2020, ASC acquired the land from AYA on the financial closing date of February 7, 2020. ASC will complete construction of the Project and lease the Project to AYA.

Construction of the new facility constitutes a “qualified active low-income community business” defined in Section 45D of the Internal Revenue Code of 1986, as amended (the “Code”) and was financed with qualified low-income community investment loans from Civic San Diego Growth and Neighborhood Investment Fund Sub-CDE XII, LLC (“Sub-CDE”) and generating New Market Tax Credit financing.

Note 2 - Significant Accounting Policies:

Consolidated Financial Statements

The consolidated financial statements include the accounts of the Access Youth Academy and Access Support Corporation, which are collectively referred to as the “Organization”. All material intercompany transactions have been eliminated in consolidation.

Accounting Method

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2 - Significant Accounting Policies: (Continued)

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments at June 30, 2020.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all accounts and contributions receivable are fully collectible; therefore, no allowance for doubtful accounts and contributions receivable was recorded at June 30, 2020.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$500 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment is depreciated using the straight-line method over the estimated useful lives as follows:

Furniture and fixtures	5 - 7 years
------------------------	-------------

Depreciation totaled \$586 for the year ended June 30, 2020.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale and any resultant gain or loss is recorded as income or expense.

Interest totaling \$47,985 has been capitalized for the year ended June 30, 2020.

Impairment of Real Estate

The Organization reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized for the year ended June 30, 2020.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain financing for the Organization. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized debt issuance costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and totaled \$6,300 for the year ended June 30, 2020.

Compensated Absences

Accumulated unpaid vacation benefits totaling \$18,139 at June 30, 2020 is accrued when incurred and included in accrued expenses.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Special event revenue is recorded as revenue in the period that the event occurs.

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and various committee assignments. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services by volunteers for the year ended June 30, 2020, did not meet the requirements above; therefore, no amounts were recognized in the consolidated financial statements for volunteer time.

Functional Allocation of Expenses

The consolidated statement of functional expenses presents expenses by function and natural classification. The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

Income Taxes

AYA and ASC are public charities and are 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. AYA and ASC believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. AYA and ASC are not a private foundations.

AYA's Return of Organization Exempt from Income Tax for the years ended June 30, 2020, 2019, period ended June 30, 2018, and year ended August 31, 2017 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

ASC's Return of Organization Exempt from Income Tax for the year ended June 30, 2020, is subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2 - Significant Accounting Policies: (Continued)

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents and Restricted Reserve

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Certificates of deposits that may be redeemed without a significant penalty are considered cash and cash equivalents regardless of the maturity. The Organization had no cash equivalents at June 30, 2020. The following is a reconciliation of cash and restricted reserve reported within the consolidated statement of financial position that sum to the total in the consolidated statement of cash flows at June 30, 2020:

Cash	\$ 3,090,321
Reserve	231,667
Total Cash and Restricted Reserve	<u>\$ 3,321,988</u>

Accounting Pronouncements Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 outlines a single, comprehensive model for companies to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. The change in accounting principle was adopted on the retrospective basis which resulted in no change to revenue previously reported and also had no effect on the revenue reported for the year ended June 30, 2020.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The adoption of ASU 2016-18 for the year ended June 30, 2020 required no restatement of cash and cash equivalents for June 30, 2019. Amounts generally described as restricted cash and restricted cash equivalents have been included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statement of cash flows.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 10, 2020, the date the consolidated financial statements were available to be issued and concluded that there were no events or transactions that needed to be disclosed.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The table below presents financial assets available for general expenditures within one year at June 30, 2020:

Cash	\$ 3,090,321
Accounts receivable	100
Contributions receivable - Current	<u>167,500</u>
Total financial assets	<u>3,257,921</u>
Less: Assets unavailable for general expenditures:	
Cash - Capital construction	(2,346,173)
Contributions receivable - Capital campaign	<u>(167,500)</u>
Total financial assets not available to be used within one year	<u>(2,513,673)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 744,248</u></u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates generating sufficient operating income to cover general expenditures.

Note 4 - Contributions Receivable:

Contributions receivable consist of the following at June 30, 2020:

Receivables due in less than one year	\$ <u>167,500</u>
Total Current	<u>167,500</u>
Receivables due in one to five years	442,500
Less: Discount	<u>(5,010)</u>
Total Noncurrent	<u>437,490</u>
Total Contributions Receivable, Net	<u><u>\$ 604,990</u></u>

The contributions receivable have been discounted to their present value using a discount rate between 0.29% and 1.76% for the year ended June 30, 2020.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 5 - Reserve:

The Organization is required to fund a reserve (“Reserve Account”) beginning February 2020, in the original amount of \$238,000 for payment of the Operating Expense Reimbursement and Asset Management Fee Reimbursement. The Reserve Account is held in a non-interest bearing account at US Bank National Association. Withdrawals from the Reserve Account are to be made in accordance with the loan agreement for the payment of the Operating Expense Reimbursement and Asset Management Fee Reimbursement (Note 8).

Balance, Beginning of Year	\$ -
Add: Initial deposit	238,000
Less: Asset management fee reimbursement	(6,333)
Balance, End of Year	\$ 231,667

Note 6 - Note Receivable:

The note receivable from Twain Investment Fund 389, LLC in the original amount of \$2,832,511 bears interest at 1.183% compounded annually. Interest is payable quarterly. Principal and accrued interest are due February 7, 2027. Accrued interest totaled \$2,792 at June 30, 2020.

Note 7 - Property and Equipment:

Property and equipment consist of the following at June 30, 2020:

Furniture and fixtures	\$ 6,532
Construction in progress	3,398,582
Subtotal	3,405,114
Less: Accumulated depreciation	(5,425)
Property and Equipment, Net	\$ 3,399,689

Note 8 - Fees:

Operating Expense Reimbursement

Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE XII, LLC (the “Lender”) is entitled to reimbursement of Lender’s annual expenses (“Operating Expense Reimbursement”) in the amount of \$14,000 beginning February 7, 2020 and on March 1 of each year commencing March 1, 2021 and continuing through and including March 1, 2026. Fees are to be paid from the Reserve Account (Note 5). On each March 1 thereafter, commencing March 1, 2028, fees are calculated based on the fraction of outstanding balance of the loan over the original loan balance of \$3,940,000. Operating Expense Reimbursement fees earned and paid totaled \$14,000.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 8 - Fees: (Continued)

Asset Management Fees

Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE XII, LLC (the “Lender”) is entitled to reimbursement of Lender’s Asset Management Fees of \$1,333 on March 1, 2020 and \$5,000 on each March 1, June 1, September 1 and December 1, commencing June 1, 2020 and continuing through and including December 1, 2026. Fees are to be paid from the Reserve Account (Note 5). On the 7th anniversary of the date of the loan agreement, the Organization is to pay the Lender \$3,667 and beginning March 1, 2027, on each March 1, June 1, September 1 and December 1, fees are calculated based on the fraction of outstanding balance of the loan over the original balance of \$3,940,000 for so long as the loans are outstanding. Asset management fees earned totaled \$8,000 of which \$1,667 remains payable and is included in accrued expenses.

Sponsor Fee

Civic San Diego Economic Growth and Neighborhood Investment Fund (the “Allocatee”) is entitled to a Sponsor Fee of \$40,000 as compensation for services rendered and costs incurred in connection with the Allocatee’s decision to make the sub-allocation of New Market Tax Credit investment authority to the Lender. Sponsor Fee earned and paid totaled \$40,000.

Note 9 - Loans Payable:

Loans payable consists of the following at June 30, 2020:

Access Youth Academy

Loan payable to Low Income Investment Fund in the original amount of \$3,914,530 with interest accruing at the rate of 6.0% per annum. Quarterly interest only payments are due on the outstanding principal balance of the loan through September 15, 2021, then beginning on December 15, 2021 quarterly principal and interest payments are due on the outstanding principal balance through February 2027. Principal and interest are due and payable on February 7, 2027. Secured by deed of trust. Accrued interest payable totaled \$18,379 at June 30, 2020. \$ 3,675,778

Access Support Corporation

Loan payable to Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE XII, LLC in the original amount of \$2,832,511 (Note A) with interest accruing at the rate of 1.0% per annum. Quarterly interest only payments are due on the outstanding principal balance of the loan through December 1, 2026. Principal and interest are due and payable on February 7, 2027. Secured by deed of trust. Accrued interest payable totaled \$2,360 at June 30, 2020. 2,832,511

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9 - Loans Payable: (Continued)

Access Support Corporation (Continued)

Loan payable to Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE XII, LLC in the original amount of \$1,107,489 (Note B) with interest accruing at the rate of 1.0% per annum. Quarterly interest only payments are due on the outstanding principal balance of the loan through December 1, 2027. Commencing on March 1, 2028, principal and interest in the amount of \$11,714 are payable through December 1, 2054. Secured. Accrued interest payable totaled \$923 at June 30, 2020.

	\$ 1,107,489
Total	7,615,778
Less: Unamortized debt issuance costs	(99,545)
Total Loans Payable, Net	<u><u>\$ 7,516,233</u></u>

Debt issuance costs total \$105,845, less accumulated amortization of \$6,300 at June 30, 2020.

The future principal payments on the loans payable are as follows:

Years Ended June 30		
2021	\$	-
2022		-
2023		-
2024		-
2025		-
Thereafter		7,615,778
Less: Unamortized debt issuance costs		(99,545)
Total	\$	<u><u>7,516,233</u></u>

Note 10 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by the Organization, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30, 2020:

Subject to Expenditure for Specified Purpose:

Capital	\$ 335,000
After school programs	8,734
SAT prep courses	4,047
Staff development	1,283
Total Subject to Specified Purpose	<u><u>349,064</u></u>

Subject to Passage of Time:

Contributions receivable	519,990
Total Subject to the Passage of Time	<u>519,990</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 869,054</u></u>

**ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 10 - Net Assets With Donor Restrictions: (Continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the year ended June 30, 2020:

Purpose Restrictions Accomplished:	
After school programs	\$ 15,000
Passage of Time:	
Contributions receivable	25,000
Total Net Assets Released From Restrictions	<u>\$ 40,000</u>

Note 11 - Commitments and Contingencies:

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 \$6,242 for the year ended June 30, 2020.

Leases

The Organization leased administrative offices under an operating lease through January 2020 and remained on a month-to-month basis through June 30, 2020

The squash and academic programs are located on the campus of University of California San Diego under a lease agreement with UC Regents. The lease for the use of the squash courts and classrooms is calculated monthly based on usage and varies from \$1,000 to \$2,000 per month. The Organization is currently operating virtually.

Option to Repurchase:

AYA entered into an Option to Repurchase agreement with Jacobs Center for Neighborhood Innovation (“JCNT”) dated November 30, 2017 whereby, as a material inducement to JCNI to convey property located at 704 Euclid Avenue, San Diego, California to AYA, JCNI is granted certain rights to repurchase property at the purchase price paid to JCNI by AYA for the property less any costs and expenses incurred by JCNI in connection with the original sale of the property and the repurchase of the property. This Option to Repurchase was terminated in September 2019.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 11 - Commitments and Contingencies: (Continued)

City of San Diego Grant

On January 30, 2020 the Organization signed a Community Development Block Grant Program Subrecipient Agreement with the City of San Diego (“City”) to provide up to \$5.5 million of Community Development Block Grant (“CDBG”) funds to the Organization to pay a portion of the costs of improvements for the construction of the Project located at 704 Euclid Avenue in San Diego. The granting of the CDBG funds is in the vital and best interests of the City and the health, safety and welfare of City residents. The agreement shall commence on the agreement date and continue for a term of five years. The Organization entered into a Declaration Agreement to assure the City of the use of the Project for the intended use for at least five years after the Organization’s improvement of the Project with the grant funds received.

Payroll Protection Program Loan

In April 2020, the Organization received a loan totaling \$72,100 from the U.S. Small Business Administration, under the CARES Act Paycheck Protection Program (“PPP”). The loan is forgivable to the extent that the Organization meets the terms and conditions of the PPP. Any portion of the loan that is not forgiven bears interest at 1%, and is due in April 2022. The amount totaling \$72,100 has been included in deferred revenue at June 30, 2020. The Organization expects to satisfy the terms and conditions of forgiveness of the PPP, and will recognize the amount received as revenue during the year ended June 30, 2021, when forgiveness has been granted by the lender.

Coronavirus Pandemic Contingency:

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared states of emergency and issued shelter in place orders. It is anticipated that these conditions will continue for some time. The potential impacts to the Organization include disruptions or restrictions on our employee’s ability to work or provide services and reduction in contributions from fundraising activities. These conditions may have an impact on operating costs. The future effects of these issues are unknown.

ACCESS YOUTH ACADEMY
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

	Access Youth Academy	Access Support Corporation	Eliminations	Consolidated
<u>Current Assets:</u>				
Cash	\$ 425,251	\$ 2,665,070	\$ -	\$ 3,090,321
Accounts receivable	100	-	-	100
Interest receivable	2,792	-	-	2,792
Contributions receivable	167,500	-	-	167,500
Prepaid expenses	22,088	-	-	22,088
Total Current Assets	<u>617,731</u>	<u>2,665,070</u>	<u>-</u>	<u>3,282,801</u>
<u>Noncurrent Assets:</u> (Notes 2, 4, 5 and 6)				
Contributions receivable, net	437,490	-	-	437,490
Reserve	-	231,667	-	231,667
Note receivable	2,832,511	-	-	2,832,511
Property and equipment, net	1,107	3,398,582	-	3,399,689
Total Noncurrent Assets	<u>3,271,108</u>	<u>3,630,249</u>	<u>-</u>	<u>6,901,357</u>
TOTAL ASSETS	\$ <u>3,888,839</u>	\$ <u>6,295,319</u>	\$ <u>-</u>	\$ <u>10,184,158</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>				
Accounts payable	\$ 67,885	\$ 622,519	\$ -	\$ 690,404
Accrued expenses	29,426	1,667	-	31,093
Interest payable	18,379	3,283	-	21,662
Deferred revenue	72,100	-	-	72,100
Total Current Liabilities	<u>187,790</u>	<u>627,469</u>	<u>-</u>	<u>815,259</u>
<u>Noncurrent Liabilities:</u>				
Loans payable	<u>3,576,233</u>	<u>3,940,000</u>	<u>-</u>	<u>7,516,233</u>
Total Noncurrent liabilities	<u>3,576,233</u>	<u>3,940,000</u>	<u>-</u>	<u>7,516,233</u>
Total Liabilities	<u>3,764,023</u>	<u>4,567,469</u>	<u>-</u>	<u>8,331,492</u>
<u>Net Assets:</u>				
Without donor restrictions	(594,237)	1,577,850	-	983,613
With donor restrictions	719,053	150,000	-	869,053
Total Net Assets	<u>124,816</u>	<u>1,727,850</u>	<u>-</u>	<u>1,852,666</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>3,888,839</u>	\$ <u>6,295,319</u>	\$ <u>-</u>	\$ <u>10,184,158</u>

ACCESS YOUTH ACADEMY
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Access Youth Academy	Access Support Corporation	Eliminations	Total
<u>Revenue and Support:</u>				
Contributions	\$ 903,002	\$ 1,789,998	\$ (1,639,998)	\$ 1,053,002
Special events, net of direct benefit to donor of \$38,105	119,182	-	-	119,182
Interest income	13,403	-	-	13,403
Miscellaneous income	13,214			13,214
Total Revenue and Support	<u>1,048,801</u>	<u>1,789,998</u>	<u>(1,639,998)</u>	<u>1,198,801</u>
<u>Expenses:</u>				
Program Services	<u>2,049,489</u>	<u>62,000</u>	<u>(1,639,998)</u>	<u>471,491</u>
Supporting Services:				
Management and general	164,819	148	-	164,967
Fundraising	216,293	-	-	216,293
Total Supporting Services	<u>381,112</u>	<u>148</u>	<u>-</u>	<u>381,260</u>
Total Expenses	<u>2,430,601</u>	<u>62,148</u>	<u>(1,639,998)</u>	<u>852,751</u>
Change in Net Assets	(1,381,800)	1,727,850	-	346,050
Net Assets at Beginning of Year	<u>1,506,616</u>	<u>-</u>	<u>-</u>	<u>1,506,616</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 124,816</u></u>	<u><u>\$ 1,727,850</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,852,666</u></u>