



APEX FOR YOUTH, INC.

**Financial Statements
for the Year Ended July 31, 2019
and Independent Auditors' Report**

APEX FOR YOUTH, INC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Apex for Youth, Inc.

We have audited the accompanying financial statements of Apex for Youth, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2019, 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.

Auditors' 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 Apex for Youth, Inc. as of July 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in note 2 to the financial statements, during the year ended July 31, 2019, Apex for Youth, Inc. adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Apex for Youth, Inc.'s 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 3, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wei Wei & Co. LLP

Flushing, New York

July 13, 2020

APEX FOR YOUTH, INC.

STATEMENT OF FINANCIAL POSITION JULY 31, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

ASSETS	2019	2018
Current assets:		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,016,067	\$ 1,085,916
Pledges and grants receivable <i>(Note 2)</i>	575,828	488,280
Prepaid expenses	53,374	17,126
Total current assets	1,645,269	1,591,322
Property and equipment, net <i>(Notes 2 and 4)</i>	56,142	15,548
Other assets:		
Security deposits	29,705	6,000
TOTAL ASSETS	\$ 1,731,116	\$ 1,612,870
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 57,680	\$ 70,736
Deferred revenues	83,360	122,435
Total current liabilities	141,040	193,171
Net assets - without donor restrictions	1,590,076	1,419,699
TOTAL LIABILITIES AND NET ASSETS	\$ 1,731,116	\$ 1,612,870

See accompanying notes to financial statements.

APEX FOR YOUTH, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2019 (WITH COMPARATIVE TOTALS FOR 2018)**

	Total	
	2019	2018
SUPPORT AND REVENUE:		
Government grants	\$ 569,983	\$ 506,282
Contributions <i>(Note 2)</i>	713,001	476,347
Special events	\$ 1,643,646	
Direct cost of special events	<u>(419,695)</u>	720,287
In-kind donations <i>(Note 2)</i>	319,833	243,846
Program income	196,327	292,748
Other income	108,639	1,567
TOTAL SUPPORT AND REVENUE	3,131,734	2,241,077
EXPENSES:		
Program services	2,349,133	2,073,359
Fundraising	359,106	233,753
General and administrative	253,118	97,175
TOTAL EXPENSES	2,961,357	2,404,287
CHANGE IN NET ASSETS	170,377	(163,210)
NET ASSETS - BEGINNING OF YEAR	1,419,699	1,582,909
NET ASSETS - END OF YEAR	\$ 1,590,076	\$ 1,419,699

See accompanying notes to financial statements.

APEX FOR YOUTH, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2019 (WITH COMPARATIVE TOTALS FOR 2018)**

	Program Services	Fundraising	Management and Administrative		Total
			2019	2018	
Salaries	\$ 1,188,831	\$ 236,399	\$ 117,668	\$ 1,542,898	\$ 1,331,876
Payroll taxes and fringe benefits	189,736	37,729	18,780	246,245	210,253
Occupancy	153,056	20,104	13,823	186,983	72,072
Professional fees	245,822	34,632	75,697	356,151	331,769
Supplies and office expenses	54,929	14,452	11,353	80,734	34,090
Telephone and communications	7,347	968	311	8,626	10,978
Insurance	11,956	1,575	506	14,037	12,932
Donated services	244,669	-	-	244,669	205,191
Scholarships and program direct expenses	152,232	-	-	152,232	123,175
Dues and subscriptions	14,952	1,970	633	17,555	11,673
Staff development and other expenses	85,603	11,277	3,625	100,505	53,559
Total expenses before depreciation	2,349,133	359,106	242,396	2,950,635	2,397,568
Depreciation	-	-	10,722	10,722	6,719
TOTAL EXPENSES	\$ 2,349,133	\$ 359,106	\$ 253,118	\$ 2,961,357	\$ 2,404,287

See accompanying notes to financial statements.

APEX FOR YOUTH, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JULY 31, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

CASH FLOWS FROM OPERATING ACTIVITIES:	2019	2018
Change in net assets	\$ 170,377	\$ (163,210)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,722	6,719
Changes in operating assets and liabilities:		
(Increase) in pledges and grants receivable	(87,548)	(8,433)
(Increase) decrease in prepaid expenses	(36,248)	47,996
(Increase) in security deposits	(23,705)	-
(Decrease) increase in accounts payable and accrued expenses	(13,056)	36,002
(Decrease) increase in deferred revenues	(39,075)	54,035
Net cash (used in) operating activities	(18,533)	(26,891)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(51,316)	(10,352)
Net cash (used in) investing activities	(51,316)	(10,352)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(69,849)	(37,243)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,085,916	1,123,159
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,016,067	\$ 1,085,916
SUPPLEMENTAL DISCLOSURE OF ADDITIONAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ -	\$ -

See accompanying notes to financial statements.

APEX FOR YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS JULY 31, 2019

1. NATURE OF ORGANIZATION

Apex for Youth, Inc. (the “Organization”), is a not-for-profit corporation organized to provide mentoring and educational services to the inner-city immigrant youth population of New York City.

Founded under the laws of the State of New York in 1992, the Organization seeks to empower youth to be well rounded, productive members of society by helping them build their self-confidence, explore academic and career goals, develop a sense of community and service, and gain leadership skills. Through one-on-one mentoring relationships, educational programs and social services, the Organization helps youth overcome the multiple challenges and changes they face, enabling them to cultivate valuable and meaningful relationships.

The Organization solicits funds from a wide variety of sources including private foundations, businesses, government agencies and individuals. These activities can include various types of solicitations, holding of fund-raising events and other methods of donation solicitation. It is estimated that the Organization utilizes approximately twenty-five percent of the executive director’s time for fund-raising and recruiting various sponsors.

The Organization’s educational programs are carried out mainly through contracts with the New York City Department of Youth and Community Development (“DYCD”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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.

Change in accounting principle

On July 1, 2018, the Organization adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the Organization to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Organization to make certain expanded disclosures relating to (1) the liquidity of the Organization’s financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements. The adoption of this standard did not have a material effect on the Organization’s financial statements.

APEX FOR YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS JULY 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net asset presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those currently available at the discretion of management and the governing board for use in operations. Net assets with donor restrictions are those which are stipulated by donors for specific purposes or by passage of time and may include net assets to be held in perpetuity.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-kind donations

The Organization recognizes and records contributions of donated non-cash assets at their fair value in the period received. Contributions of donated services that require specialized skills are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. Approximately eight thousand volunteer teacher hours are recognized and included as in-kind donations. The value of in-kind donations recognized was \$244,669 for the year ended July 31, 2019. Contributions of items for the silent-auction would typically need to be purchased if not provided by donation, and are recorded at their fair value in the period received. Twenty-eight donors donated \$75,164 of items for the silent-auction event which were recognized and included as in-kind donations.

APEX FOR YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS JULY 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support without donor restrictions and revenue from special events

Special events revenue is reported net of the direct costs of donor benefits provided.

Fair value Measurements

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

- Level 1 Inputs - Unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.
- Level 2 Inputs - Inputs, other than the quoted prices in level 1, that are observable either directly or indirectly.
- Level 3 Inputs - Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The carrying values of cash and cash equivalents, pledges and grants receivable, prepaid expenses, accounts payable, accrued liabilities and deferred revenues approximate their fair values due to the short maturity of these financial instruments. There were no changes in methods or assumptions during the year ended July 31, 2019.

Income tax status

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). This IRC section enables the Organization to accept donations which qualify as charitable contributions to the donor. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Accordingly, no provision for income taxes has been made in the financial statements. In addition, the Organization has no unrelated business income which could be taxable. The Organization files with the Internal Revenue Service Form 990, "Return of Organization Exempt from Income Tax" and the related State and local exempt organization returns as required.

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NOTES TO FINANCIAL STATEMENTS JULY 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

The Organization follows the provisions of FASB ASC 740-10-25. The provisions prescribe a recognition threshold and measurement attribute for uncertain tax positions taken or expected to be taken in income tax returns. The positions are judged whether they meet the “more-likely-than-not” threshold based upon the technical merits of the positions. The Organization believes that it does not have any uncertain tax positions.

The Organization’s 2016, 2017 and 2018 tax years are open and subject to examination by the tax authorities. However, the Organization is not currently under examination nor has it been contacted by any of the tax authorities.

Use of estimates

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

Cash and cash equivalents

For the purposes of the statement of cash flows, the Organization considers all demand deposits, money market funds and other short-term liquid investments with original maturities of three months or less to be cash equivalents.

Pledges receivable and revenue recognition

The Organization records pledges receivable and contribution revenue based on pledges received. On a periodic basis, the Organization evaluates pledges receivable balances and makes collection efforts for items 90 days or older. Pledges receivable are written off when all reasonable collection efforts have been exhausted. The Organization considers the pledges receivable at July 31, 2019 to be fully collectible and there were no write offs during 2019.

Government grants receivable and revenue recognition

The Organization records grants receivable and revenues based on the budget approved and services provided. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the contracts. To the extent amounts received exceed amounts spent, the Organization records deferred revenues.

APEX FOR YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS JULY 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, equipment and depreciation

Property and equipment are recorded at cost, or if donated, at the approximate fair value at the date of donation. Items with a value of \$500 or more with estimated useful lives of more than one year are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, principally five years.

Periodically, management reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is measured by comparing the carrying value of the asset to the sum of the expected future cash flows (undiscounted and without interest charges) resulting from the use of the asset and its eventual disposition. The Organization did not have any impairment of assets during the year ended July 31, 2019.

Functional allocation of expenses

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

Comparative financial information

The financial statements include certain prior-year summarized comparative information. With respect to the statements of activities and functional expenses, the prior year information is presented in total and not by the net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended July 31, 2018, from which the summarized information was derived.

3. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts, which at times, may exceed the FDIC insured limits of \$250,000 per financial institution. At July 31, 2019, the cash balance in excess of FDIC insured limits was approximately \$750,000. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash.

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NOTES TO FINANCIAL STATEMENTS JULY 31, 2019

4. PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

Furniture and fixtures	\$ 59,705
Equipment	57,041
	<hr/>
	116,746
Less: accumulated depreciation	(60,604)
	<hr/>
Property and equipment, net	\$ 56,142

Depreciation expense for the year ended July 31, 2019 was \$10,722.

5. RETIREMENT PLAN

The Organization sponsors a defined contribution 401(k) plan. The plan covers substantially all full-time employees who meet certain age and service requirements. Under the terms of the plan, contributions are mad under Section 413 of the Internal Revenue Code and are invested at the discretion of the plan participants in an investment portfolio comprised of various funds. The Organization may make an annual discretionary contribution to the plan. No mandatory discretionary contribution was made for the year ended July 31, 2019.

6. LEASES COMMITMENTS

In June 2018, Organization entered into a lease agreement for office space located at 120 Walker Street on an annual basis with an unrelated third party for three years. Occupancy expense for the year ended July 31, 2019 was \$186,983. Future minimum rental payments are as follows:

Year Ending July 31,	
2020	\$ 173,472
2021	178,231
	<hr/>
	\$ 351,703

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NOTES TO FINANCIAL STATEMENTS JULY 31, 2019

7. REVENUE CONCENTRATION

The Organization receives government grants representing 20% of its revenues from the New York City Department of Youth and Community Development. Should this grant be discontinued, the Organization would have to pursue alternative funding sources to continue its operations.

8. CONTINGENCIES

Government-supported programs are subject to audit by the applicable granting agencies. The possible disallowances by the granting agencies of any item charged to the program cannot be determined until such time when the audits occur. Therefore, no provision for any potential disallowances that may result from such audits has been made in the accompanying financial statements. Management is of the opinion that disallowances, if any, will not be material to the accompanying financial statements.

9. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of July 31, 2019 reduced by amounts not available for general use within one year, due to contractual or donor-imposed restrictions:

Cash and cash equivalents	\$ 1,016,067
Pledges and grants receivable	575,828
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Total financial assets	1,591,895
Less: amounts not available to be used within one year:	-
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Financial assets available to meet general expenditures over the next twelve months	\$ 1,591,895
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As part of the Organization's strategy, management structures its financial assets, consisting of cash and cash equivalents and pledges and grants receivable to be available for its general expenditures and liabilities coming due within one year. The Organization receives cash flow from various government and foundation grants and individual contributions to fund its programs and activities.

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NOTES TO FINANCIAL STATEMENTS JULY 31, 2019

10. SUBSEQUENT EVENTS

The Organization's management has performed subsequent events procedures through July 13 2020, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein except as follows

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which could negatively impact the Organization's contribution and grant support. The Organization received an approximately \$340,000 loan under the Small Business Association's ("SBA") Paycheck Protection Program ("PPP") in May 2020, which will be used to pay employees and certain other costs. The PPP loan principal maybe forgiven by the SBA if certain criteria are met. The Organization are currently operating effectively as the date of this report.