



APEX FOR YOUTH, INC.

**Financial Statements
for the Year Ended July 31, 2020
and Independent Auditors' Report**

APEX FOR YOUTH, INC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

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• MAIN OFFICE
133-10 39TH AVENUE
FLUSHING, NY 11354
TEL. (718) 445-6308
FAX. (718) 445-6760

• CALIFORNIA OFFICE
36 W BAY STATE STREET
ALHAMBRA, CA 91801
TEL. (626) 282-1630
FAX. (626) 282-9726

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, 2020, 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Apex for Youth, Inc.'s 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wei Wei & Co. LLP

Flushing, New York
June 10, 2021

APEX FOR YOUTH, INC.

STATEMENT OF FINANCIAL POSITION JULY 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

ASSETS	2020	2019
Current assets:		
Cash and cash equivalents (<i>Note 2</i>)	\$ 1,140,688	\$1,016,067
Pledges and grants receivable (<i>Note 2</i>)	252,192	575,828
Prepaid expenses	693	53,374
Total current assets	1,393,573	1,645,269
Property and equipment, net (<i>Notes 2 and 4</i>)	38,741	56,142
Other assets:		
Security deposits	29,705	29,705
TOTAL ASSETS	\$ 1,462,019	\$1,731,116
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 122,409	\$ 57,680
Paycheck protection program (<i>Note 6</i>)	341,500	-
Deferred revenues	102,163	83,360
Total current liabilities	566,072	141,040
Commitments and contingencies (<i>Notes 9 and 10</i>)		
Net assets:		
Without donor restrictions	785,947	1,590,076
With donor restrictions	110,000	-
TOTAL LIABILITIES AND NET ASSETS	\$ 1,462,019	\$1,731,116

See accompanying notes to financial statements.

APEX FOR YOUTH, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)**

	Without donor Restrictions	With donor Restrictions	Total	
			2020	2019
SUPPORT AND REVENUE:				
Government grants	\$ 446,521	-	\$ 446,521	\$ 569,983
Contributions (Note 2)	829,941	110,000	939,941	713,001
Special events	\$ 648,051	-	-	-
Direct cost of special events	<u>(316,225)</u>	-	331,826	1,223,951
In-kind donations (Note 2)	-	-	-	319,833
Program income	180,526	-	180,526	196,327
Other income	(528)	-	(528)	108,639
TOTAL SUPPORT AND REVENUE	1,788,286	110,000	1,898,286	3,131,734
EXPENSES:				
Program services	2,173,623	-	2,173,623	2,349,133
Fundraising	293,861	-	293,861	359,106
General and administrative	124,931	-	124,931	253,118
TOTAL EXPENSES	2,592,415	-	2,592,415	2,961,357
CHANGE IN NET ASSETS	(804,129)	110,000	(694,129)	170,377
NET ASSETS - BEGINNING OF YEAR	1,590,076	-	1,590,076	1,419,699
NET ASSETS - END OF YEAR	\$ 785,947	\$ 110,000	\$ 895,947	\$ 1,590,076

See accompanying notes to financial statements.

APEX FOR YOUTH, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)**

	Program Services	Fundraising	Management and Administrative	Total	
				2020	2019
Salaries	\$ 1,091,845	\$ 156,239	\$ 57,170	\$ 1,305,254	\$ 1,542,898
Payroll taxes and fringe benefits	199,192	28,504	10,430	238,126	246,245
Occupancy	129,333	18,507	6,772	154,612	186,983
Professional fees	476,568	68,195	24,954	569,717	356,151
Supplies and office expenses	86,692	12,405	4,540	103,637	80,734
Telephone and communications	8,368	1,197	438	10,003	8,626
Insurance	12,216	1,748	640	14,604	14,037
Donated services	-	-	-	-	244,669
Scholarships and program direct expenses	120,034	-	-	120,034	152,232
Dues and subscriptions	17,530	2,509	918	20,957	17,555
Staff development and other expenses	31,845	4,557	1,668	38,070	100,505
Total expenses before depreciation	2,173,623	293,861	107,530	2,575,014	2,950,635
Depreciation	-	-	17,401	17,401	10,722
TOTAL EXPENSES	\$ 2,173,623	\$ 293,861	\$ 124,931	\$ 2,592,415	\$ 2,961,357

See accompanying notes to financial statements.

APEX FOR YOUTH, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JULY 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

CASH FLOWS FROM OPERATING ACTIVITIES:	2020	2019
Change in net assets	\$ (694,129)	\$ 170,377
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,401	10,722
Changes in operating assets and liabilities:		
Decrease (increase) in pledges and grants receivable	323,636	(87,548)
Decrease (increase) decrease in prepaid expenses	52,681	(36,248)
(Increase) in security deposits	-	(23,705)
Increase (decrease) increase in accounts payable and accrued expenses	64,729	(13,056)
Increase (decrease) increase in deferred revenues	18,803	(39,075)
Net cash (used in) operating activities	(216,879)	(18,533)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	(51,316)
Net cash (used in) investing activities	-	(51,316)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Paycheck protection program	341,500	-
Net cash provided by financing activities	341,500	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	124,621	(69,849)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,016,067	1,085,916
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,140,688	\$ 1,016,067
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, 2020

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”).

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. Furthermore, on March 21, 2020, New York Governor Andrew Cuomo issued an Executive Order entitled “New York State on PAUSE” (Policy that Assures Uniform Safety for Everyone) (the “Order”), pursuant to which, all nonessential employees (as defined by the State) must stay at home starting March 22, 2020. Beginning on March 15, 2020, prior to this order, the Organization announced the remote services to protect its employees and the families and communities it serves. The Organization is currently operating effectively as of the date of this report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis accounting. The Organization adheres to accounting principles generally accepted in the United States of America (“U.S.GAAP”).

APEX FOR YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS JULY 31, 2020

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.

As of July 31, 2020, there was \$110,000 of net assets with donor restrictions under and there were no net assets released from donor restrictions in FY2020 since the purpose of the restriction was not satisfied.

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. Due to Covid-19, there were no in-kind donations for the year ended July 31, 2020.

APEX FOR YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS JULY 31, 2020

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 PPP loan 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, 2020.

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, 2020

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 2017, 2018 and 2019 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, 2020 to be fully collectible and there were no write offs during 2020.

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, 2020

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, 2020.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The Statements of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization. The expenses are allocated include rent – operating and supported housing and depreciation which are allocated on a square footage basis. Salaries, payroll taxes and fringe benefits, professional fees and insurance are allocated on the basis of estimates and efforts.

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, 2019, 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, 2020, the cash balance in excess of FDIC insured limits was approximately \$850,000. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to these cash accounts.

APEX FOR YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS JULY 31, 2020

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	(78,005)
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Property and equipment, net	\$ 38,741

Depreciation expense for the year ended July 31, 2020 was \$17,401.

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 made 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 discretionary contribution was made for the year ended July 31, 2020.

6. PAYROLL PROTECTION PROGRAM LOAN

On May 9, 2020, the Organization received loan proceeds from Signature Bank in the amount of approximately \$341,500 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable under existing Guidelines as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

As of the date of this report, the Organization intends to use the proceeds for purposes consistent with the PPP and believes that its usage of the loan proceeds will meet the conditions for forgiveness of the loan.

7. 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, 2020 was \$146,371. The minimum rental payments for the year ending July 31, 2021 is \$178,231.

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NOTES TO FINANCIAL STATEMENTS JULY 31, 2020

8. REVENUE CONCENTRATION

The Organization receives government grants representing 24% 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.

9. 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.

10. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of July 31, 2020 reduced by amounts not available for general use within one year, due to contractual or donor-imposed restrictions:

Cash and cash equivalents	\$ 1,140,688
Pledges and grants receivable	252,192
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Total financial assets	1,392,880
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	\$ 1,392,880
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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, 2020

11. SUBSEQUENT EVENTS

The Organization has performed subsequent events procedures through June 10, 2021, which is the date the financial statements were available to be issued and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.