



APEX FOR YOUTH, INC.

Financial Statements
Year Ended July 31, 2022

APEX FOR YOUTH, INC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

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INDEPENDENT AUDITORS' REPORT

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The Board of Directors
Apex for Youth, Inc.

Opinion

We have audited the accompanying financial statements of the Apex for Youth, Inc. (the "Organization") which comprise the statement of financial position as of July 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are required to be independent of Apex for Youth, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Apex for Youth, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Apex for Youth, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Apex for Youth, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Report on Summarized Comparative Information

We have previously audited Apex for Youth, Inc.'s July 31, 2021 financial statements and we expressed an unmodified audit opinion on those financial statements in our report dated June 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2021, 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 14, 2023

APEX FOR YOUTH, INC.

STATEMENT OF FINANCIAL POSITION JULY 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

ASSETS	2022	2021
Current assets:		
Cash and cash equivalents (<i>Note 2</i>)	\$ 3,664,402	\$2,534,937
Pledges and grants receivable (<i>Note 2</i>)	804,332	374,850
Prepaid expenses	112,886	4,048
Total current assets	4,581,620	2,913,835
Property and equipment, net (<i>Notes 2 and 4</i>)	24,003	25,413
Other assets:		
Security deposits	149,705	29,705
TOTAL ASSETS	\$ 4,755,328	\$2,968,953
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 378,683	\$ 265,146
Paycheck protection program (<i>Note 6</i>)	-	314,400
Deferred revenues	83,780	-
Total current liabilities	462,463	579,546
Commitments and contingencies (<i>Notes 7 and 8</i>)		
Net assets:		
Without donor restrictions	3,994,110	2,043,891
With donor restrictions	298,755	345,516
TOTAL LIABILITIES AND NET ASSETS	\$ 4,755,328	\$2,968,953

See accompanying notes to financial statements.

APEX FOR YOUTH, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)**

	Without donor Restrictions	With donor Restrictions	Total	
			2022	2021
SUPPORT AND REVENUE				
Government grants	\$ 517,207	\$ -	\$ 517,207	\$ 369,571
Contributions <i>(Note 2)</i>	1,378,521	632,044	2,010,565	2,098,987
Special events	\$ 3,085,679			
Direct cost of special events	<u>(615,699)</u>	-	2,469,980	1,112,305
In-kind donations <i>(Note 2)</i>	109,686	-	109,686	-
Paycheck protection program	314,491	-	314,491	341,500
Program income	155,362	-	155,362	84,215
Other income	9,913	-	9,913	2,723
Net assets released from restrictions	678,805	(678,805)	-	-
TOTAL SUPPORT AND REVENUE	5,633,965	(46,761)	5,587,204	4,009,301
EXPENSES				
Program services	2,887,003	-	2,887,003	2,110,810
Fundraising	272,903	-	272,903	286,770
General and administrative	523,840	-	523,840	118,261
TOTAL EXPENSES	3,683,746	-	3,683,746	2,515,841
CHANGE IN NET ASSETS	1,950,219	(46,761)	1,903,458	1,493,460
NET ASSETS				
BEGINNING OF YEAR	2,043,891	345,516	2,389,407	895,947
END OF YEAR	\$ 3,994,110	\$ 298,755	\$ 4,292,865	\$ 2,389,407

See accompanying notes to financial statements.

APEX FOR YOUTH, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)**

	Program Services	Fundraising	Management and Administrative	Total	
				2022	2021
Salaries	\$ 1,679,008	\$ 174,442	\$ 327,079	\$ 2,180,529	\$ 1,322,479
Payroll taxes and fringe benefits	322,913	33,549	62,905	419,367	254,706
Occupancy	90,521	9,405	17,634	117,560	126,997
Professional fees	261,616	27,181	50,964	339,761	605,594
Supplies and office expenses	130,707	13,580	25,462	169,749	20,893
Telephone and communications	5,485	570	1,069	7,124	6,199
Insurance	12,289	1,277	2,394	15,960	15,546
Scholarships and program direct expenses	260,310	-	-	260,310	106,788
Dues and subscriptions	12,655	1,315	2,465	16,435	6,822
Staff development	29,092	3,023	5,667	37,782	10,513
Other expenses	82,407	8,562	16,053	107,022	25,976
Total expenses before depreciation	2,887,003	272,904	511,692	3,671,599	2,502,513
Depreciation	-	-	12,147	12,147	13,328
TOTAL EXPENSES	\$ 2,887,003	\$ 272,904	\$ 523,839	\$ 3,683,746	\$ 2,515,841

See accompanying notes to financial statements.

APEX FOR YOUTH, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JULY 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

CASH FLOWS FROM OPERATING ACTIVITIES:	2022	2021
Change in net assets	\$ 1,903,458	\$ 1,493,460
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	12,147	13,328
Gain on forgiveness of paycheck protection program loan	(314,400)	(341,500)
Changes in operating assets and liabilities:		
Pledges and grants receivable	(429,482)	(122,658)
Prepaid expenses	(108,838)	(3,355)
Security deposits	(120,000)	-
Accounts payable and accrued expenses	113,537	142,737
Deferred revenues	83,780	(102,163)
Net cash from operating activities	1,140,202	1,079,849
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(10,737)	-
Net cash from investing activities	(10,737)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Paycheck protection program proceeds	-	314,400
Net cash from financing activities	-	314,400
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,129,465	1,394,249
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,534,937	1,140,688
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,664,402	\$ 2,534,937
SUPPLEMENTAL DISCLOSURE OF ADDITIONAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

See accompanying notes to financial statements.

APEX FOR YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS JULY 31, 2022

1. NATURE OF ORGANIZATION

Apex for Youth, Inc. (the “Organization”), is a not-for-profit corporation empowering underserved Asian and immigrant youth from low-income families in New York City and beyond.

Founded under the laws of the State of New York in 1992, the Organization serves youth through programming focusing on health and well-being, education, and community engagement, with volunteers who support and mentor students of all ages to build the next generation of tomorrow’s change makers. Through participating in Apex’s programs, Apex youth become confident, college and career ready, and poised to give back to their community.

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.

The Organization’s afterschool program is carried out mainly through a contract 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 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, 2022

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, 2022, there was \$298,755 of net assets with donor restrictions and there were \$678,805 net assets released from donor restrictions in fiscal year 2022 due to the purpose of the restriction being 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 and the specific purpose 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. The balance of in-kind donation was \$109,686 including \$100,000 of office expenses and \$9,686 of program supplies for the year ended July 31, 2022.

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NOTES TO FINANCIAL STATEMENTS JULY 31, 2022

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 payroll protection program 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, 2022.

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, 2022

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 2019, 2020 and 2021 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.

Revenue Recognition

The Organization follows Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, “Revenue from Contracts with Customers.” This Standard, along with its related amendments, requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization follows FASB issued ASU No. 2014-09 (Topic 606), “Revenue from Contracts with Customers.” Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the contracts. As the government is not receiving a benefit as a result of these transactions, the grants and contracts are considered to be contributions to the Organization.

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NOTES TO FINANCIAL STATEMENTS JULY 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges and government grants receivable

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, 2022 to be fully collectible and there were no write offs during 2022. 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.

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 \$5,000 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, 2022.

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.

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NOTES TO FINANCIAL STATEMENTS JULY 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021, 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, 2022, the cash balance in excess of FDIC insured limits was approximately \$2,500,000. 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.

4. PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

Furniture and fixtures	\$ 59,705
Equipment	65,779
Leasehold improvement	2,000
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	127,484
Less: accumulated depreciation	(103,481)
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Property and equipment, net	<u>\$ 24,003</u>

Depreciation expense for the year ended July 31, 2022 was \$12,147.

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NOTES TO FINANCIAL STATEMENTS JULY 31, 2022

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. The discretionary contribution charged to expense was \$8,879 for the year ended July 31, 2022.

6. PAYROLL PROTECTION PROGRAM

On May 9, 2020, the Organization received loan proceeds in the amount of \$341,500 under the Paycheck Protection Program (“PPP”) for the first draw of PPP Loan. The Organization submitted loan forgiveness application and subsequently received the Small Business Administration (“SBA”) forgiveness of the full amount on September 7, 2022. The second draw of PPP loan in the amount of \$314,400 had been disbursed and was forgiven in full on February 7, 2022 by SBA.

7. LEASES COMMITMENTS

In April 2022, Organization entered into a lease agreement for office space located at 195 Chrystie Street with an unrelated third party for five years starting in August 2022. Future minimal rental payments for these leases for the years ending subsequent to July 31, 2022 are as follows:

<u>Year Ending July 31,</u>	<u>Amount</u>
2023	\$ 360,000
2024	429,000
2025	441,876
2026	455,124
2027	468,780
<u>Total</u>	<u>\$ 2,154,780</u>

Occupancy expense for the year ended July 31, 2022 was \$113,144.

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NOTES TO FINANCIAL STATEMENTS JULY 31, 2022

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, 2022 reduced by amounts not available for general use within one year, due to contractual or donor-imposed restrictions:

Cash and cash equivalents	\$ 3,664,402
Pledges and grants receivable	804,332
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Total financial assets	4,468,734
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	\$ 4,468,734
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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 corporation and individual contributions to fund its programs and activities.

10. SUBSEQUENT EVENTS

The Organization has performed subsequent events procedures through June 14, 2023, 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.