



youthSpark, Inc.

Financial Statements

at

June 30, 2019 and 2018



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
youthSpark, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of youthSpark, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 youthSpark, Inc. as of June 30, 2019 and 2018, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

October 23, 2019

youthSpark, Inc.
 Statements of Financial Position
 June 30, 2019 and 2018

Assets	2019	2018
Cash and Cash Equivalents:		
Operating	\$ 89,847	\$ 502,080
Held for Others	6,274	7,020
Total Cash and Cash Equivalents	96,121	509,100
Investments - Certificates of Deposits	303,198	-
Grants Receivable	171,317	156,054
Pledges Receivable	-	14,915
Fixed Assets, Net	15,045	10,476
Total Assets	\$ 585,681	\$ 690,545
Liabilities and Net Assets		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 19,157	\$ 5,326
Amounts Held for Others	6,274	7,020
Total Liabilities	25,431	12,346
Net Assets:		
Without Donor Restrictions	546,402	410,572
With Donor Restrictions	13,848	267,627
Total Net Assets	560,250	678,199
Total Liabilities and Net Assets	\$ 585,681	\$ 690,545

See Accompanying Notes

youthSpark, Inc.
Statements of Activities
For the Years Ended June 30, 2019 and 2018

	2019	2018
Net Assets Without Donor Restrictions:		
Revenue and Support:		
Government Grants and Contracts	\$ 318,688	\$ 355,424
Foundation and Corporate Grants	185,431	162,182
Contributions	125,864	147,577
Interest and Other Income	3,998	1,114
Total Revenue and Support without Donor Restriction	633,981	666,297
Net Assets Released From Restrictions	253,779	146,966
Total Revenue and Support	887,760	813,263
Expenses:		
Program - Youth Services	464,098	529,790
General and Administrative	196,992	142,037
Fundraising	90,840	83,530
Total Expenses	751,930	755,357
Change in Net Assets Without Donor Restrictions	135,830	57,906
Net Assets With Donor Restrictions:		
Net Assets Released From Restriction	(253,779)	(146,966)
Change in Net Assets With Donor Restrictions	(253,779)	(146,966)
Change in Net Assets	(117,949)	(89,060)
Net Assets at Beginning of Year	678,199	767,259
Net Assets at End of Year	\$ 560,250	\$ 678,199

See Accompanying Notes

youthSpark, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Change in Net Assets	\$(117,949)	\$ (89,060)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	6,723	4,625
(Increase) Decrease in Grants Receivable	(15,263)	(44,970)
(Increase) Decrease in Pledges Receivable	-	112,500
(Increase) Decrease in Accounts Receivable	14,915	(14,915)
(Increase) Decrease in Prepaid Expense	-	900
Increase (Decrease) in Accounts Payable and Accrued Liabilities	13,831	(4,951)
Increase (Decrease) in Amounts Held for Others	<u>(746)</u>	<u>(4,727)</u>
Net Cash Used by Operating Activities	<u>(98,489)</u>	<u>(40,598)</u>
Cash Flows From Investing Activities:		
Purchase of Investments - Certificates of Deposits	(303,198)	-
Purchase of Furniture and Equipment	<u>(11,292)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(314,490)</u>	<u>-</u>
Net Decrease in Cash	(412,979)	(40,598)
Cash and Cash Equivalents at Beginning of the Year	<u>509,100</u>	<u>549,698</u>
Cash at Cash Equivalents at End of the Year	<u>\$ 96,121</u>	<u>\$ 509,100</u>

See Accompanying Notes

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

Note 1 - Organization and Purpose

youthSpark, Inc. (the "Organization") is a not-for-profit Georgia Corporation exempt from taxes under IRS Code Section 501(c)(3). The Organization's mission is "to advocate for youth who need legal and adult protection in abusive and exploitative situations." The Organization works to make a difference for at-risk youth who experience abuse, exploitation, and neglect, and help address the unmet needs of other vulnerable and victimized youth involved with the Fulton County Juvenile Court.

The Organization accomplishes its mission through a combination of direct services to youth and advocacy on their behalf. Direct services are provided to victimized youth through the Youth Services Center, which offers access to various programs that address individual and familial vulnerabilities. Advocacy programs address the critical underlying social problems affecting youth served, taking the form of policy advocacy, training, and education programs.

Note 2 - Summary of Significant Accounting Policies

Change in Accounting Principle

Effective January 1, 2018, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in the financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets that are available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-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 the resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Organization's net assets with donor restrictions are described in Note 9.

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies - continued

Basis of Accounting

The Organization prepares its financial statements in accordance with generally accepted accounting principles. The financial statements are presented on the accrual method of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Donated Assets

Donated marketable securities, land, and other noncash contributions are recorded as contributions at their estimated fair value at the date of donation.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in Note 13 - Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates and those differences could be material.

Tax Status

The Organization is a not-for-profit organization exempt from income taxes under the Internal Revenue Code Section 501(c) 3. Therefore, no provision for income taxes has been made. Management believes it has appropriate support for any tax positions taken and as such, does not have any uncertain tax positions material to the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents represent funds without legal restrictions on hand or on deposit with financial institutions available for use within a thirty-day period.

Investments

The Organization invests in certificates of deposit, with interest rates between 2.30% and 2.45% and maturities less than twelve months, that are stated at fair value (Note 5).

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies - continued

Pledges Receivable

Pledges receivable at June 30, 2018, in the amount of \$14,915, were realized in 2019 and are recognized as contribution revenue without a discount provision. Management has determined that all pledges receivable are fully collectible; therefore, no allowance for uncollectible pledges is considered necessary.

Fair Value of Financial Instruments

Cash, certificates of deposits, grants receivable, pledges receivable, accounts payable and accrued liabilities and amounts held for others are carried at amounts which approximate their fair value due to the short-term nature of these instruments.

Equipment, Improvements, and Depreciation

Acquisitions of equipment and improvements in excess of \$5,000 are capitalized and stated at cost less accumulated depreciation. Depreciation is being provided by use of the straight-line method over the estimated useful lives of the related assets.

Note 3 - Liquidity and Availability

Financial assets available for general expenses, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date of June 30, 2019, consist of the following:

Cash and Cash Equivalents	\$ 75,999
Certificates of Deposits	303,198
Grants Receivable	<u>171,317</u>
	<u>\$ 550,514</u>

In addition to financial assets available to meet general expenses over the next twelve months, the Organization operates with a balanced budget including amounts to be released from donor restriction and anticipates collection of sufficient revenue to cover general operating expenses.

Note 4 – Current Vulnerability Due to Certain Concentrations

The Organization's operations are subject to the administrative directives, rules and regulations of various federal, State and local government agencies. Such administrative directives, rules and regulations are subject to change with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

Note 5 - Investments and Fair Value Measurement

Investments at June 30, 2019, consist of funds held at a bank brokerage department in the form of certificates of deposit with a market value of \$303,198.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2019.

The Organization's investments are carried at their market or stated value, which approximates fair value. The certificates of deposit are classified as Level 2 within the fair value hierarchy. The preceding method may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at June 30, 2019, are as follows:

	<u>Fair Value</u>	<u>Market Rates for Similar Federally Insured Certificates (Level 2)</u>
Balances at June 30, 2019:		
Financial Assets:		
Certificates of Deposits	\$ <u>303,198</u>	\$ <u>303,198</u>

Note 6 - Grants Receivable

At June 30, 2019 and 2018, the Organization's grants receivable and percentage of concentration by grantor are as follows:

	<u>2019</u>	<u>%</u>	<u>2018</u>	<u>%</u>
Government:				
Georgia Criminal Justice Coordinating Council Grant	\$ 37,962	22%	\$ 42,054	27%
Fulton County, Georgia	96,000	56%	91,000	58%
Foundations	<u>37,355</u>	22%	<u>23,000</u>	15%
Total Grants Receivable	\$ <u>171,317</u>		\$ <u>156,054</u>	

The grants receivable are stated at amounts of cash estimated as realizable. Management believes the balances are fully collectible, therefore, no allowance for doubtful accounts is considered necessary at June 30, 2019 and June 30, 2018.

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

Note 7 - Fixed Assets

At June 30, 2019 and 2018, a summary of the Organization's fixed assets is presented below:

	<u>2019</u>	<u>2018</u>
Leasehold Improvements	\$ 14,872	\$ 14,872
Furniture and Equipment	<u>33,481</u>	<u>22,189</u>
Total Fixed Assets	48,353	37,061
Less Accumulated Depreciation	<u>(33,308)</u>	<u>(26,585)</u>
Net Fixed Assets	<u>\$ 15,045</u>	<u>\$ 10,476</u>

In fiscal year 2019 and 2018, total depreciation expense was \$6,723 and \$4,625, respectively.

Note 8 - Amounts Held for Others

At June 30, 2019 and 2018, the Organization has on deposit in its operating account the following amounts held for the Fulton County Juvenile Court:

	<u>2019</u>	<u>2018</u>
Cold Case Court Assistance	\$ 5,097	\$ 5,097
Family Drug Treatment Accountability Court	<u>1,177</u>	<u>1,923</u>
Total Amount Held for Others	<u>\$ 6,274</u>	<u>\$ 7,020</u>

Payments are made directly to vendors and contractors when authorized by the juvenile court judges having responsibility for the funds.

Note 9 - Net Assets with Donor Restrictions

At June 30, 2019 and 2018, the Organization had net assets with donor restrictions for the following programs:

	<u>2019</u>	<u>2018</u>
Judge Jones Memorial Playground	\$ 13,848	\$ 13,848
Youth Service Center	<u>-</u>	<u>253,779</u>
Total Net Assets with Donor Restrictions	<u>\$ 13,848</u>	<u>\$ 267,627</u>

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Notes to the Financial Statements
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Note 10 - Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected, may constitute a liability to the Organization. Management expects the amount of expenditures disallowed, if any, to be immaterial.

In connection with services and activities provided by the Organization to juveniles, claims may be asserted arising from the services and activities provided in the past. In the opinion of management, adequate insurance coverage exists for losses that may occur from the asserted and unasserted claims and such losses would not materially affect the financial position of the Organization.

Note 11 – Employee Benefit Plan

The Organization has adopted a SIMPLE-IRA Plan under Section 408(p) of the Internal Revenue Code (the Plan) covering all employees who agree to make contributions to the Plan. Employees are eligible to begin contributing to the Plan immediately upon hire. The Organization matches participants' contributions to the Plan on a dollar for dollar basis up to 3% of the individual participant's compensation. Total expense to the Organization for the years ended June 30, 2019 and 2018 was \$5,670 and \$3,637, respectively.

Note 12 - In-kind Contributions

The Organization received the following in-kind contributions related to its administration and programs during the 2019 and 2018 fiscal years:

	<u>2019</u>	<u>2018</u>
Program In-kind:		
Facility Space	\$ 10,500	\$ 10,500
Administrative In-kind:		
Office Space	<u>45,061</u>	<u>31,500</u>
Total In-kind Contributions	<u>\$ 55,561</u>	<u>\$ 42,000</u>

The Fulton County Juvenile Court provides facility space for programs for the Organization. The contribution of the space includes utilities, phone and Internet services and was valued at \$55,561 and \$42,000, respectively, for the fiscal years 2019 and 2018. This contribution of facility space and services is recorded in the financial statements as support from contributions and as program and administrative occupancy expense.

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

Note 13 - Functional Expenses

Certain categories of expenses are attributable to both program services and general and administrative supporting activities. As a result, such expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and benefits, which are allocated on the basis of estimates of time and effort.

In fiscal year 2019, expenses categorized by function were as follows:

	Youth Services	Support Services		Total
		General and Administrative	Fund Raising	
Salaries	\$ 280,165	\$ 65,267	\$ 24,750	\$ 370,182
Employee Benefits	50,059	16,126	4,328	70,513
Outside Services	7,642	32,500	60,677	100,819
Occupancy	10,746	45,061	-	55,807
Supplies	50,171	7,566	-	57,737
Other Expense	37,614	4,118	1,085	42,817
Training / Education	16,349	451	-	16,800
Insurance	-	16,250	-	16,250
Travel / Transportation	11,352	2,930	-	14,282
Depreciation	-	6,723	-	6,723
Total Expenses	\$ <u>464,098</u>	\$ <u>196,992</u>	\$ <u>90,840</u>	\$ <u>751,930</u>

In fiscal year 2018, expenses categorized by function were as follows:

	Youth Services	Support Services		Total
		General and Administrative	Fund Raising	
Salaries	\$ 314,917	\$ 32,978	\$ 12,063	\$ 359,958
Employee Benefits	41,337	7,330	3,694	52,361
Outside Services	32,490	24,000	66,885	123,375
Occupancy	18,061	43,500	-	61,561
Deterrence Technologies	49,659	-	-	49,659
Other Expense	27,676	3,973	888	32,537
Supplies	24,852	4,308	-	29,160
Insurance	-	16,474	-	16,474
Travel / Transportation	13,851	2,105	-	15,956
Training / Education	6,947	2,744	-	9,691
Depreciation	-	4,625	-	4,625
Total Expenses	\$ <u>529,790</u>	\$ <u>142,037</u>	\$ <u>83,530</u>	\$ <u>755,357</u>

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

Note 14- Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date through the date the financial statements are available to be issued. Management has evaluated subsequent events through October 23, 2019, the date the financial statements were available to be issued, for events requiring recording or disclosures in the financial statements for the year ended June 30, 2019.