



youthSpark, Inc.

Financial Statements

at

June 30, 2018 and 2017



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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, 2018 and 2017, 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, 2018 and 2017, 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.

April 10, 2019

youthSpark, Inc.
Statements of Financial Position
June 30, 2018 and 2017

Assets		
	<u>2018</u>	<u>2017</u>
Cash	\$ 509,100	\$ 549,698
Grants Receivable	156,054	111,084
Pledges Receivable	-	112,500
Accounts Receivable	14,915	-
Prepaid Expenses	-	900
Fixed Assets, Net	<u>10,476</u>	<u>15,101</u>
Total Assets	<u>\$ 690,545</u>	<u>\$ 789,283</u>
 Liabilities and Net Assets		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 5,326	\$ 10,277
Amounts Held for Others	<u>7,020</u>	<u>11,747</u>
Total Liabilities	12,346	22,024
Net Assets:		
Unrestricted	410,572	352,666
Temporarily Restricted	<u>267,627</u>	<u>414,593</u>
Total Net Assets	<u>678,199</u>	<u>767,259</u>
Total Liabilities and Net Assets	<u>\$ 690,545</u>	<u>\$ 789,283</u>

See Accompanying Notes

youthSpark, Inc.
Statements of Activities
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Unrestricted Net Assets:		
Revenue and Support:		
Government Grants and Contracts	\$ 355,424	\$ 185,148
Foundation and Corporate Grants	162,182	241,343
Contributions	147,577	179,272
Interest and Other Income	<u>1,114</u>	<u>266</u>
Total Unrestricted Revenue and Support	666,297	606,029
Net Assets Released From Restrictions	<u>146,966</u>	<u>211,047</u>
Total Revenue and Support	813,263	817,076
Expenses:		
Program - Youth Services	561,290	464,636
General and Administrative	110,537	127,100
Fundraising	<u>83,530</u>	<u>50,031</u>
Total Expenses	<u>755,357</u>	<u>641,767</u>
Change in Unrestricted Net Assets	57,906	175,309
Temporarily Restricted Net Assets:		
Net Assets Released From Restriction	<u>(146,966)</u>	<u>(211,047)</u>
Change in Temporarily Restricted Net Assets	<u>(146,966)</u>	<u>(211,047)</u>
Change in Net Assets	(89,060)	(35,738)
Net Assets at Beginning of Year	<u>767,259</u>	<u>802,997</u>
Net Assets at End of Year	<u>\$ 678,199</u>	<u>\$ 767,259</u>

See Accompanying Notes

youthSpark, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (89,060)	\$ (35,738)
Adjustments to Reconcile Changes in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	4,625	4,651
(Increase) Decrease in Government Grants Receivable	(44,970)	(57,781)
(Increase) Decrease in Pledges Receivable	112,500	114,800
(Increase) Decrease in Accounts Receivable	(14,915)	-
(Increase) Decrease in Prepaid Expense	900	100
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(4,951)	2,066
Increase (Decrease) in Amounts Held for Others	<u>(4,727)</u>	<u>(6,033)</u>
Net Cash Provided (Used) by Operating Activities	<u>(40,598)</u>	<u>22,065</u>
Cash Flows From Investing Activities:		
Disbursements for Leasehold Improvements	<u>-</u>	<u>(13,871)</u>
Net Cash Used by Investing Activities	<u>-</u>	<u>(13,871)</u>
Net Increase (Decrease) in Cash	(40,598)	8,194
Cash at Beginning of the Year	<u>549,698</u>	<u>541,504</u>
Cash at End of the Year	<u>\$ 509,100</u>	<u>\$ 549,698</u>

See Accompanying Notes

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

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

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.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets - net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - net assets subject to donor-imposed stipulations that are to be maintained permanently by the Organization. Generally, the donors of these permit the organization to use all or part of the income earned on the related investments for general or specific purposes. The Organization has no permanently restricted net assets.

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 2 - Summary of Significant Accounting Policies - continued

Expendable Restricted Resources

When gifts of cash and other assets are received with donor stipulations that limit the use of the donated assets, the Organization reports these assets as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All cash contributions are considered to be available for unrestricted use unless specifically restricted by donor.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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 9 - 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.

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 2 - Summary of Significant Accounting Policies - continued

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.

Pledges Receivable

Pledges receivable at June 30, 2017, in the amount of \$112,500, were realized in 2018 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.

Accounts Receivable

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

Fair Value of Financial Instruments

Cash, grants receivable, accounts receivable, pledges receivable, prepaid expenses, 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 – 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.

The Organization maintains its cash balances with one financial institution. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, the cash balances may exceed this limit. The Organization believes it mitigates any risks by maintaining its cash balances with a major financial institution. At June 30, 2018, the Organization's uninsured cash balances total \$264,352.

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 4 - Grants Receivable

At June 30, 2018 and 2017, the Organization's grants receivable are as follows:

	<u>2018</u>	<u>2017</u>
Government:		
Georgia Criminal Justice Coordinating Council Grant	\$ 42,054	\$ 64,723
Fulton County, Georgia	91,000	-
Georgia State University	-	23,861
Foundations	<u>23,000</u>	<u>22,500</u>
Total Grants Receivable	<u>\$ 156,054</u>	<u>\$ 111,084</u>

Note 5 - Fixed Assets

At June 30, 2018 and 2017, a summary of the Organization's fixed assets is presented below:

	<u>2018</u>	<u>2017</u>
Leasehold Improvements	\$ 14,872	\$ 14,872
Furniture and Equipment	<u>22,190</u>	<u>22,190</u>
Total Fixed Assets	37,062	37,062
Less Accumulated Depreciation	<u>(26,586)</u>	<u>(21,961)</u>
Net Fixed Assets	<u>\$ 10,476</u>	<u>\$ 15,101</u>

In fiscal year 2018 and 2017, total depreciation expense was \$4,625 and \$4,651, respectively.

Note 6 - Amounts Held for Others

At June 30, 2018 and 2017, the Organization has on deposit in its operating account the following amounts held for the Fulton County Juvenile Court:

	<u>2018</u>	<u>2017</u>
Cold Case Court Assistance	\$ 5,097	\$ 5,097
Family Drug Treatment Accountability Court	<u>1,923</u>	<u>6,650</u>
Total Amount Held for Others	<u>\$ 7,020</u>	<u>\$ 11,747</u>

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

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 7 - Temporarily Restricted Net Assets

At June 30, 2018 and 2017, the Organization had temporarily restricted net assets for the following programs:

	<u>2018</u>	<u>2017</u>
Judge Jones Memorial Playground	\$ 13,848	\$ 13,848
Youth Service Center	<u>253,779</u>	<u>400,745</u>
Total Temporarily Restricted Net Assets	<u>\$ 267,627</u>	<u>\$ 414,593</u>

Note 8 - 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 9 – 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, 2018 and 2017 was \$3,637 and \$2,949, respectively.

Note 10- 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 April 10, 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, 2018.

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 11 - In-kind Contributions

The Organization received the following in-kind contributions related to its administration and programs during the 2018 and 2017 fiscal years:

	<u>2018</u>	<u>2017</u>
Program In-kind:		
Facility Space	\$ 42,000	\$ 47,000
Material	<u>-</u>	<u>3,433</u>
Total Program In-kind	<u>\$ 42,000</u>	<u>\$ 50,433</u>
Administrative In-kind:		
Office Space	\$ -	\$ 6,300
Legal Services	<u>-</u>	<u>22,000</u>
Total Administrative In-kind	<u>\$ -</u>	<u>\$ 28,300</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 \$42,000 and \$47,000, respectively, for the fiscal years 2018 and 2017. This contribution of facility space and services is recorded in the financial statements as support from contributions and as program occupancy expense.

In the 2017 fiscal year, the Organization received an in-kind contributions of administrative office space from the Fulton County Juvenile Court. This contribution includes utilities, phone and Internet services and is valued at \$6,300. This contribution of facilities is recorded in the financial statements as support from contributions and general and administrative occupancy expense. In the 2018 fiscal year, the Fulton County Juvenile Court did not contribute administrative office space to the Organization and actual administrative rental expense of \$12,000 was incurred.

In the 2017 fiscal year, the Organization received an in-kind contribution of legal services from a local law firm valued at \$22,000, respectively. This contribution of services is recorded in the financial statements as support from contributions and as administrative outside services expense.

In fiscal year 2017, program material valued at \$3,433 was donated by a local corporation. This contribution is recorded in the financial statements as support from contributions and as program supplies expense.

youthSpark, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 12 - 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 include salaries and benefits, which are allocated on the basis of estimates of time and effort, as well as occupancy which is allocated based on management's best estimate of utilization by program or support services.

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
Supplies	24,852	4,308	-	29,160
Travel / Transportation	13,851	2,105	-	15,956
Other Expense	77,335	20,447	888	98,670
Training / Education	6,947	2,744	-	9,691
Occupancy	49,561	12,000	-	61,561
Depreciation	-	4,625	-	4,625
Total Expenses	<u>\$ 561,290</u>	<u>\$ 110,537</u>	<u>\$ 83,530</u>	<u>\$ 755,357</u>

In fiscal year 2017, expenses categorized by function were as follows:

	Youth Services	Support Services		Total
		General and Administrative	Fund Raising	
Salaries	\$ 266,866	\$ 35,637	\$ 10,070	\$ 312,573
Employee Benefits	27,637	8,552	922	37,111
Outside Services	22,254	42,800	29,852	94,906
Supplies	18,840	5,393	4,100	28,333
Travel / Transportation	14,125	2,630	-	16,755
Other Expense	58,428	20,530	87	79,045
Training / Education	1,065	607	-	1,672
Occupancy	55,421	6,300	5,000	66,721
Depreciation	-	4,651	-	4,651
Total Expenses	<u>\$ 464,636</u>	<u>\$ 127,100</u>	<u>\$ 50,031</u>	<u>\$ 641,767</u>