

ACEING AUTISM, INC.

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

June 30, 2019 and 2018

ACEING AUTISM, INC.

June 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
ACEing Autism, Inc.
Los Angeles, California

We have audited the accompanying financial statements of ACEing Autism, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years ended June 30, 2019 and 2018, 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 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 Organization'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 Organization'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 ACEing Autism, Inc. as of June 30, 2019 and 2018, the changes in its net assets and its cash flows for the for the years ended June 30, 2019 and 2018, in accordance with accounting principles generally accepted in the United States of America.

*Ronald Blue & Co.
CPAs and Consultants, LLP*

Ronald Blue & Co.
CPAs and Consultants, LLP
1551 North Tustin Avenue
Suite 1000
Santa Ana, CA 92705

Santa Ana, California
September 20, 2019

ACEING AUTISM, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,729,206	\$ 1,398,854
Accounts receivable	-	2,345
Prepaid expenses	<u>8,451</u>	<u>3,404</u>
Total current assets	<u>1,737,657</u>	<u>1,404,603</u>
Noncurrent assets:		
Security deposits	5,000	5,000
Property and equipment, net	<u>2,790</u>	<u>-</u>
Total noncurrent assets	<u>7,790</u>	<u>5,000</u>
Total assets	<u>\$ 1,745,447</u>	<u>\$ 1,409,603</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 23,912	\$ 47,853
Accrued liabilities	8,478	-
Accrued employee-related expenses	8,644	10,250
Deferred revenue	<u>2,000</u>	<u>-</u>
Total current liabilities	<u>43,034</u>	<u>58,103</u>
Total liabilities	<u>43,034</u>	<u>58,103</u>
Net assets:		
Without donor restrictions	<u>1,702,413</u>	<u>1,351,500</u>
Total net assets	<u>1,702,413</u>	<u>1,351,500</u>
Total liabilities and net assets	<u>\$ 1,745,447</u>	<u>\$ 1,409,603</u>

See accompanying notes and independent auditors' report

ACEING AUTISM, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2019 and 2018

	2019	2018
Without donor restrictions		
Support and revenues:		
Contributions and grants	\$ 1,098,790	\$ 1,127,632
Contributed services	32,208	-
Program service revenue	94,171	81,730
Special events revenue, net	63,088	93,094
Interest income	794	562
Other income	235	-
	<u>1,289,286</u>	<u>1,303,018</u>
 Expenses:		
Program activities	<u>607,085</u>	<u>443,396</u>
Supporting activities:		
General and administrative	162,330	90,986
Fundraising	<u>168,958</u>	<u>153,062</u>
	<u>331,288</u>	<u>244,048</u>
 Total expenses	<u>938,373</u>	<u>687,444</u>
 Change in net assets	<u>350,913</u>	<u>615,574</u>
 Net assets, beginning of year	<u>1,351,500</u>	<u>735,926</u>
 Net assets, end of year	<u><u>\$ 1,702,413</u></u>	<u><u>\$ 1,351,500</u></u>

See accompanying notes and independent auditors' report

ACEING AUTISM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Program activities	Supporting activities		Total
		General and administrative	Fundraising	
Expenses:				
Accounting fees	\$ -	\$ 29,044	\$ -	\$ 29,044
Bad debt	-	-	750	750
Bank fees	-	7,896	29	7,925
Business expenses	-	1,155	-	1,155
Charitable contributions	200	-	675	875
Computer equip and services	1,818	160	695	2,673
Contract services	45,158	8,058	-	53,216
Depreciation expense	-	1,073	-	1,073
Dues and subscriptions	-	3,927	150	4,077
Facilities and equipment	18,818	-	-	18,818
Fundraiser expenses	-	32,208	1,000	33,208
Insurance	565	2,094	-	2,659
Internet and website	3,414	1,042	1,767	6,223
Marketing expenses	13,461	103	6,251	19,815
Meals and entertainment	6,707	2,665	4,407	13,779
Office expense	1,964	173	751	2,888
Other expenses	1,700	242	699	2,641
Parking	2,222	597	989	3,808
Postage	10,540	11	-	10,551
Rent expense	27,971	2,512	10,834	41,317
Salaries and payroll related	334,011	61,803	133,097	528,911
Supplies	55,316	3,208	66	58,590
Telephone	1,022	1,538	387	2,947
Travel and meetings	82,198	2,821	6,411	91,430
Total expenses	<u>\$ 607,085</u>	<u>\$ 162,330</u>	<u>\$ 168,958</u>	<u>\$ 938,373</u>

See accompanying notes and independent auditors' report

ACEING AUTISM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

	Program activities	Supporting activities		Total
		General and administrative	Fundraising	
Expenses:				
Accounting fees	\$ -	\$ 23,096	\$ -	\$ 23,096
Advertising expenses	-	-	1,243	1,243
Bank fees	-	182	-	182
Benefits	4,360	337	600	5,297
Books, subscriptions, reference	-	933	-	933
Business expenses	-	648	-	648
Charitable contributions	25,650	-	-	25,650
Computer equip and services	1,004	84	585	1,673
Contract services	17,838	3,528	-	21,366
Dues and subscriptions	-	4,091	50	4,141
Facilities and equipment	18,664	-	-	18,664
Fundraiser expenses	-	-	5,758	5,758
Insurance	-	7,459	-	7,459
Internet and website	2,789	232	1,627	4,648
Legal fees	-	2,220	-	2,220
Marketing expenses	14,841	874	11,027	26,742
Meals and entertainment	-	6,973	1,192	8,165
Merchant processing fees	-	3,031	315	3,346
Office expense	3,623	302	2,113	6,038
Other expenses	11,346	1,000	-	12,346
Parking	72	6	42	120
Postage	7,897	2,744	70	10,711
Printing and copying	-	-	2,845	2,845
Rent expense	12,998	1,083	7,582	21,663
Salaries and payroll related	233,244	23,063	106,036	362,343
Supplies	34,637	139	975	35,751
Telephone	1,084	90	632	1,806
Travel and meetings	53,349	8,871	10,370	72,590
Total expenses	<u>\$ 443,396</u>	<u>\$ 90,986</u>	<u>\$ 153,062</u>	<u>\$ 687,444</u>

See accompanying notes and independent auditors' report

ACEING AUTISM, 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	\$ 350,913	\$ 615,574
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation expense	1,073	-
Changes in:		
Accounts receivable	2,345	(2,345)
Prepaid expenses	(5,047)	(1,186)
Security deposits	-	(5,000)
Accounts payable	(23,941)	39,599
Accrued liabilities	8,478	-
Accrued employee-related expenses	(1,606)	(826)
Deferred revenue	2,000	-
	<u>334,215</u>	<u>645,816</u>
Net cash flows from operating activities	<u>334,215</u>	<u>645,816</u>
 Cash flows from investing activities		
Purchase of property and equipment	<u>(3,863)</u>	<u>-</u>
Net cash flows from investing activities	<u>(3,863)</u>	<u>-</u>
 Net change in cash and cash equivalents	330,352	645,816
 Total cash and cash equivalents, beginning of year	<u>1,398,854</u>	<u>753,038</u>
 Total cash and cash equivalents, end of year	<u>\$ 1,729,206</u>	<u>\$ 1,398,854</u>

There were no financing activities for the year ended June 30, 2019.

There were no investing or financing activities for the year ended June 30, 2018.

There were no non-cash investing or financing activities for the years ended June 30, 2019 and 2018.

For the years ended June 30, 2019 and 2018, there was no cash paid for interest or income taxes.

See accompanying notes and independent auditors' report

ACEING AUTISM, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 1 – Summary of significant accounting policies

The significant accounting policies followed are presented to assist the reader in understanding the financial statements of ACEing Autism, Inc. (the Organization). The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of activities

The Organization was organized in 2008 and incorporated in the Commonwealth of Massachusetts, as a non-profit corporation. The mission of the Organization is to connect children with autism through unique tennis programs, and to develop and advance proven methods to positively impact the children, families and communities they serve. The Organization currently serves children at 72 locations nationwide.

The Organization derives its revenue from grants and donations from foundations and the general public as well as program service revenues from clinics.

Basis of accounting

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles and, accordingly, reflect all significant receivables, payables, and other liabilities.

Concentration of credit risk

Cash accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances in these accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management of the Organization does not believe that it is exposed to significant credit risk in connection with cash and cash equivalents.

Cash and cash equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Accounts receivable

The Organization uses the direct write-off method to account for receivables, which is not in accordance with accounting principles generally accepted in the United States of America. Management considered the amounts written off for the years ended June 30, 2019 and 2018, as immaterial to the financial statements.

ACEING AUTISM, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 1 – Summary of significant accounting policies (continued)

Property and equipment

Purchases of property and equipment in excess of \$1,000 are capitalized and presented at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Donated assets are capitalized at their approximate fair market value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from 5 and 39 years. Depreciation expense for the years ended June 30, 2019 and 2018 was \$1,073 and \$0, respectively.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During 2019 and 2018, there were no events or changes in circumstances indicating that the carrying amount of long-lived assets may not be recoverable.

Net assets

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting year in which the revenue is recognized. All other donor-restricted contributions are reported as net assets with donor restrictions, depending on the nature of restrictions. 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. At June 30, 2019 and 2018, there were no net assets with donor restrictions.

Revenue recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a benefit interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue is recognized when earned.

ACEING AUTISM, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 1 – Summary of significant accounting policies (continued)

Contributed goods and services

Volunteers contribute amounts of time to the program activities, administration, and fundraising and development activities carried out by the Organization. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States. Contributed goods are recorded at fair value at the date of the donation. Donated professional services are recorded at their respective fair values. Contributions of pro-bono legal services were received during the years ended June 30, 2019 and 2018, in the amount of \$32,208 and \$0, respectively..

Functional allocation of expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain significant expenses are allocated on a basis of square footage, such as utilities; while others are allocated on a basis of time and effort estimates, such as contract services expense.

Advertising costs

The Organization expenses all advertising costs as they are incurred. Advertising costs for the years ended June 30, 2019 and 2018 were \$0 and \$1,243, respectively.

Income taxes

The Organization has received tax-exempt status from the Internal Revenue Service and Massachusetts Secretary of State under Section 501(c)(3) of the Internal Revenue Code and applicable state taxation code. During the years ended June 30, 2019 and 2018, the Organization had no activities unrelated to its exempt purposes, and therefore incurred no tax liability due to unrelated business income. The Organization does not believe its financial statements include (or reflect) any uncertain tax positions.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between years presented. The reclassifications had no impact on previously reported net assets.

ACEING AUTISM, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 2 – Liquidity and availability

As part of liquidity management, the Organization has put a policy in place to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has \$1,729,206 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash and cash equivalents. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

Note 3 – Property and equipment

Property and equipment consisted of the following at the years ended:

	2019	2018
Furniture and fixtures	\$ 3,863	\$ -
Less: accumulated depreciation	<u>(1,073)</u>	<u>-</u>
Total property and equipment, net	<u>\$ 2,790</u>	<u>\$ -</u>

Note 4 – Special events revenue

Special events revenue, net, consisted of revenue and direct expense as follows for the years ended June 30:

	2019	2018
Contributions	\$ 92,709	\$ 73,780
Tticket sales	42,599	122,455
Non-cash	<u>42,377</u>	<u>-</u>
Subtotal special event revenue	177,685	196,235
Less: direct expenses	<u>(114,597)</u>	<u>(103,141)</u>
Special events revenue, net	<u>\$ 63,088</u>	<u>\$ 93,094</u>

ACEING AUTISM, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 5 – Operating leases

The Organization entered into an operating lease for a building in May 2018. The lease term is for 60 months and expires in April 2023. Under the terms of the lease, the annual base rent will increase by 2% each year.

The Organization entered into a vehicle lease in November 2017. The lease term is 60 months and expires in January 2023.

Lease expense related to operating leases for the years ended June 30, 2019 and 2018, was \$47,137 and \$21,663 respectively.

Future minimum lease payments consist of the following for the years ended June 30:

2020	\$	47,963
2021		48,806
2022		49,666
2023		45,209
2024		-

Note 6 – Concentrations

The Organization derives its income in the form of donations from the general public, grants from nonprofit organizations and program service revenue. During the years ended June 30, 2019 and 2018, the Organization derived 78% and 80% of its revenues from one donor, respectively.

Note 7 – Subsequent events

Management has evaluated subsequent events through September 20, 2019, the date on which the financial statements were available to be issued.