

***ACADEMIC LEARNING CENTER, INC.***

***FINANCIAL STATEMENTS***

***June 30, 2016***

***ACADEMIC LEARNING CENTER, INC.***

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## **Younce & Co., PA**

990 Lee Ann Drive  
Concord, NC 28025  
704-784-9330

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### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Academic Learning Center, Inc

We have audited the accompanying financial statements of Academic Learning Center, Inc (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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.

#### **Auditor's 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 Academic Learning Center, Inc as of June 30, 2016, 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.

*Younce & Co., PA*

Concord, NC  
December 16, 2016

**Academic Learning Center, Inc**  
**STATEMENT OF FINANCIAL POSITION**  
*June 30, 2016*

<b>ASSETS</b>	<u><b>2016</b></u>
Current Assets	
Cash- unrestricted	\$ 141,065
Grants receivable	7,000
Prepaid expenses	2,500
Total Current Assets	<u>150,565</u>
Property and Equipment	
Computer equipment	2,247
Furniture & fixtures	1,419
Less: accumulated depreciation	(3,124)
Total Property and Equipment	<u>542</u>
Other Assets	
Cash- restricted	<u>1,000</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 152,107</b></u>
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 1,614
Accrued payroll	1,984
Payroll liabilities payable	1,222
Deferred revenue	5,000
Total Current Liabilities	<u>9,820</u>
<b>TOTAL LIABILITIES</b>	<u><b>9,820</b></u>
 <b>NET ASSETS</b>	
Net Assets - unrestricted	139,287
Net Assets - restricted	3,000
Total Net Assets	<u>142,287</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 152,107</b></u>

*The accompanying notes are an integral part of this statement.*

**Academic Learning Center, Inc**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>
<b>SUPPORT</b>			
Grants & corporate contributions	\$ 115,917	\$ 2,000	\$ 117,917
Special events receipts	17,609	-	17,609
Other contributions	13,970	-	13,970
Reimbursements	272	-	272
Interest income	98	-	98
Gain/(Loss) on Disposition of Assets	162	-	162
Net assets released from restrictions	<u>8,000</u>	<u>(8,000)</u>	<u>-</u>
Total Support	<u>156,028</u>	<u>(6,000)</u>	<u>150,028</u>
<b>EXPENSES</b>			
Program services- Afterschool tutoring	110,138	-	110,138
Management & general	12,921	-	12,921
Fundraising	<u>28,207</u>	<u>-</u>	<u>28,207</u>
Total Expenses	<u>151,266</u>	<u>-</u>	<u>151,266</u>
Increase (Decrease) in Net Assets	4,762	(6,000)	(1,238)
Net Assets - Beginning of Year	<u>134,525</u>	<u>9,000</u>	<u>143,525</u>
Net Assets - End of Year	<u>\$ 139,287</u>	<u>\$ 3,000</u>	<u>\$ 142,287</u>

*The accompanying notes are an integral part of this statement.*

*Academic Learning Center, Inc*  
**STATEMENT OF CASH FLOWS**  
*For The Year Ended June 30, 2016*

	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (Decrease) in Net Assets	\$ (1,238)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:	
Depreciation	354
Gain/(Loss) on disposition of assets	(162)
(Increase) decrease in grants receivable	(6,000)
(Increase) decrease in prepaid expenses	(2,500)
Increase (decrease) in accounts payable	(1,066)
Increase (decrease) in payroll liabilities payable	205
Increase (decrease) in accrued payroll	1,986
Net Cash Provided by (Used in) Operating Activities	(8,421)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of equipment	792
Net Cash Provided by (Used in) Investing Activities	792
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(7,629)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>148,694</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 141,065</b>

*The accompanying notes are an integral part of this statement.*

*Academic Learning Center, Inc*  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*For the Year Ended June 30, 2016*

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Totals 2016</u>
Salaries and wages	\$ 19,415	\$ 8,357	\$ 13,398	\$ 41,170
Payroll taxes	1,640	630	879	3,149
Site directors & teachers	68,223	-	-	68,223
School supplies & materials	3,478	-	-	3,478
Student transportation	6,080	-	-	6,080
Special events expense	-	-	6,136	6,136
Professional fees	3,351	1,212	2,566	7,129
Bank charges	-	31	-	31
Insurance expense	1,208	437	925	2,570
Compliance, license & registration	532	168	-	700
Rent expense	1,810	655	1,385	3,850
Printing & postage	422	-	-	422
Office expense	698	252	534	1,484
Telephone	1,066	386	817	2,269
Repairs & maintenance	137	43	-	180
Conference & annual meeting	30	10	-	40
Website fees	337	122	258	717
Other expenses	1,544	558	1,182	3,284
Total Expenses Before Depreciation	<u>109,971</u>	<u>12,861</u>	<u>28,080</u>	<u>150,912</u>
Depreciation expense	167	60	127	354
Total Expense	<u>\$ 110,138</u>	<u>\$ 12,921</u>	<u>\$ 28,207</u>	<u>\$ 151,266</u>

*The accompanying notes are an integral part of this statement.*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization

The Organization is a non-profit organization incorporated under the laws of the State of North Carolina. It works within the educational system to improve academic performance and confidence in children through a quality afterschool tutoring program. The Organization receives its funding primarily from United Way, private foundations, and charitable contributions.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donation for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted at that time.

Donated Services

Many individuals and groups donated significant amounts of time to various activities of the Organization without compensation. The financial statements do not reflect the value of those contributions because the criteria for recognition under FASB ASC 958-605-25-16 have not been satisfied.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. Restricted contributions are reported as unrestricted if the restriction is met in the same year as the contribution.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

Expenses by function have been allocated between the program services and management and general classifications on the basis of estimates made by the Organization's management.

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**ACADEMIC LEARNING CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

*June 30, 2016*

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and , therefore, has no provision for federal income tax. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are 2011, 2012, and 2013 tax years. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recognized for the fiscal year ended June 30, 2016.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. As of June 30, 2016, all receivables were considered to be collectible.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash and cash equivalents. The Organization maintains cash balances in accounts that are insured by the Federal Deposit Insurance Corporation in an amount up to \$250,000. At June 30, 2016, the Organization's uninsured bank balance is \$0.

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**ACADEMIC LEARNING CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2016*

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -continued**

Property and Equipment

Purchased property and equipment greater than \$1,000 are stated at cost. The Board of Directors approved an increase in the capitalization threshold, which was previously \$500, beginning fiscal year ended June 30, 2016. The change is to be applied prospectively; therefore, acquisitions made in earlier years are recorded using the lower threshold. Donations of property and equipment are recorded as support at their estimated fair value. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets generally over five years for furniture and three years for computer equipment. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations and changes in net assets in conformity with the generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE 2-FIXED ASSETS**

At June 30, 2016, composition of fixed assets is as follows:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>
Furniture	\$ 1,419	\$ -	\$ -	\$ 1,419
Computer Equipment	3,034	-	787	2,247

Fixed assets are stated at cost. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2016 was \$354.

**NOTE 3 -RETIREMENT PLAN**

The Organization does not maintain a cash or deferred retirement plan; therefore, there is no retirement plan expense for the year ending June 30, 2016.

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**ACADEMIC LEARNING CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2016*

**NOTE 4 -FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying value of cash, cash equivalents, promises to give, and accounts payable that are reported in the statement of position approximate fair values because of the short maturities of those instruments.

**NOTE 5 -OFFICE LEASE**

The Organization was leasing its building space for \$320 per month on a month to month basis. The Organization moved its office during the year and now leases building space for \$300 per month on a month-to-month basis. Total lease expense for the fiscal year ended June 30, 2016 was \$3,850.

**NOTE 6 -CONCENTRATIONS**

The Organization received approximately \$30,894, which is 22% of its funding from United Way and approximately 55% from two private foundations, for the year ending June 30, 2016.

Grants receivable as of June 30, 2016 are from two grantors.

**NOTE 7 - RESTRICTED NET ASSETS**

For the Year Ending June 30, 2016

Grant receivable for fiscal year June 30, 2017	\$ 2,000
Minter Math Scholarship	<u>1,000</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 3,000</u></u>

**NOTE 8 -COMPENSATED ABSENCES**

The Organization does not allow employees to carry to future years any unused time off. Therefore, there is no provision for compensated absences.

**NOTE 9 -SUBSEQUENT EVENTS**

Management has reviewed subsequent events through December 16, 2016 the date the financial statements were available to be issued.