

AFTER-SCHOOL ALL-STARS

**Financial Statements
with
Independent Auditor's Report**

**For the Year Ended
June 30, 2015**

(With Comparative Totals for the Year Ended June 30, 2014)

AFTER-SCHOOL ALL-STARS

TABLE OF CONTENTS
June 30, 2015
(With Comparative Totals for June 30, 2014)

Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements.....	7

INDEPENDENT AUDITOR'S REPORT

Board of Directors
After-School All-Stars
Los Angeles, CA

We have audited the accompanying financial statements of After-School All-Stars (the Organization), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, cash flows and functional expenses 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 of 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.

Board of Directors
After-School All-Stars

Opinion

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of the Organization as of June 30, 2015, 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.

Report on Summarized Comparative Information

We have previously audited After School All-Stars' June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated February 18, 2015. In our opinion, the summarized comparative information presented as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
February 10, 2016

AFTER-SCHOOL ALL-STARS
STATEMENT OF FINANCIAL POSITION
June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015	2014
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,728,494	\$ 2,962,185
Contributions and grants receivable	605,647	2,000
Due from affiliates	15,869	140,635
Prepaid expenses and other assets	246,029	165,685
Total current assets	3,596,039	3,270,505
LONG-TERM ASSETS:		
Property, plant and equipment, net	10,396	8,538
Total long-term assets	10,396	8,538
Total assets	\$ 3,606,435	\$ 3,279,043
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 330,630	\$ 395,129
Deferred rent liability	1,118	7,088
Total current liabilities	331,748	402,217
LONG-TERM LIABILITIES:		
Deferred rent liability	15,728	11,543
Total long-term liabilities	15,728	11,543
NET ASSETS:		
Unrestricted	1,085,312	1,241,957
Temporarily restricted	2,173,647	1,623,326
Total net assets	3,258,959	2,865,283
Total liabilities and net assets	\$ 3,606,435	\$ 3,279,043

The accompanying notes are an integral part of these financial statements.

AFTER-SCHOOL ALL-STARS

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>	<u>2014</u>
REVENUES:				
Contribution and grant revenue	\$ 2,117,976	\$ 3,099,486	\$ 5,217,462	\$ 3,336,590
Contract revenue	248,306	-	248,306	450,662
Special event revenue	997,913	-	997,913	748,572
Less costs of direct benefits to donors	(146,000)	-	(146,000)	(72,418)
Contributed program supplies and services	3,250	-	3,250	228,435
Interest and dividends	259	-	259	251
Net assets released from restrictions	2,549,165	(2,549,165)	-	-
Total revenues	<u>5,770,869</u>	<u>550,321</u>	<u>6,321,190</u>	<u>4,692,092</u>
EXPENSES:				
Program services	4,734,870	-	4,734,870	3,421,121
Management and general	637,479	-	637,479	376,437
Fundraising	555,165	-	555,165	378,427
Total expenses	<u>5,927,514</u>	<u>-</u>	<u>5,927,514</u>	<u>4,175,985</u>
Change in net assets	(156,645)	550,321	393,676	516,107
Beginning net assets	<u>1,241,957</u>	<u>1,623,326</u>	<u>2,865,283</u>	<u>2,349,176</u>
Ending net assets	<u>\$ 1,085,312</u>	<u>\$ 2,173,647</u>	<u>\$ 3,258,959</u>	<u>\$ 2,865,283</u>

The accompanying notes are an integral part of these financial statements.

AFTER-SCHOOL ALL-STARS

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS from OPERATING ACTIVITIES:		
Change in net assets	\$ 393,676	\$ 516,107
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	8,875	11,404
(Increase) decrease in operating assets		
Contributions and grants receivable	(603,647)	13,056
Due from affiliates	124,766	441,800
Prepaid expenses and other assets	(80,344)	(156,731)
Other long-term assets	-	118,453
Increase (decrease) in operating liabilities		
Accounts payable and accrued liabilities	(64,499)	153,352
Deferred rent liability	(1,785)	18,631
Net cash flows from operating activities	<u>(222,958)</u>	<u>1,116,072</u>
CASH FLOWS from INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	<u>(10,733)</u>	<u>-</u>
Net cash flows from investing activities	<u>(10,733)</u>	<u>-</u>
Net change in cash and cash equivalents	(233,691)	1,116,072
Cash and cash equivalents at the beginning of the year	<u>2,962,185</u>	<u>1,846,113</u>
Cash and cash equivalents at the end of the year	<u>\$ 2,728,494</u>	<u>\$ 2,962,185</u>

The accompanying notes are an integral part of these financial statements.

AFTER-SCHOOL ALL-STARS

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Program Services	Management and General	Fundraising	2015	2014
Personnel expenses					
Salaries and wages	\$ 1,916,537	\$ 241,301	\$ 255,172	\$ 2,413,010	\$ 1,371,605
Employee benefits and payroll taxes	<u>336,115</u>	<u>42,780</u>	<u>48,908</u>	<u>427,803</u>	<u>279,396</u>
Total personnel expenses	<u>2,252,652</u>	<u>284,081</u>	<u>304,080</u>	<u>2,840,813</u>	<u>1,651,001</u>
Other functional expenses					
Accounting expenses	-	9,850	-	9,850	22,515
Chapter support and training	66,741	-	-	66,741	31,421
Communications	26,660	7,617	3,808	38,085	25,314
Conference and meeting expenses	184,052	-	-	184,052	3,743
Consulting	96,954	73,172	12,805	182,931	183,953
Depreciation expense	-	8,875	-	8,875	11,404
Direct program expenses	512,226	-	-	512,226	249,150
Donated goods and services	3,500	-	183	3,683	228,435
Expensed equipment and repairs	14,332	11,466	2,867	28,665	20,156
Grants to affiliates	1,016,469	-	-	1,016,469	1,219,054
Information technology expenses	25,261	28,070	40,234	93,565	43,343
Insurance expense	12,479	17,045	-	29,524	14,270
Legal	2,467	2,467	-	4,934	-
Marketing	25,227	50,455	93,936	169,618	64,497
Membership dues	1,149	2,715	1,149	5,013	4,402
Occupancy expenses	113,370	32,392	16,195	161,957	108,203
Professional development	103,650	-	-	103,650	46,089
Recruitment	49,537	-	-	49,537	70,852
Service and operating	94,239	86,980	60,408	241,627	17,094
Supplies	9,685	4,115	10,411	24,211	15,526
Travel expenses	<u>124,220</u>	<u>18,179</u>	<u>9,089</u>	<u>151,488</u>	<u>145,563</u>
Total other functional expenses	<u>2,482,218</u>	<u>353,398</u>	<u>251,085</u>	<u>3,086,701</u>	<u>2,524,984</u>
Total expenses	<u>\$ 4,734,870</u>	<u>\$ 637,479</u>	<u>\$ 555,165</u>	<u>\$ 5,927,514</u>	<u>\$ 4,175,985</u>

The accompanying notes are an integral part of these financial statements.

AFTER-SCHOOL ALL-STARS

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – After School All-Stars (the Organization) is a not-for-profit public benefit corporation, which was incorporated under the laws of the state of California in 1992. The Organization’s mission is to provide opportunities for inner-city youth to participate in sports, education, computer technology, culture and community enrichment programs in order to build confidence and self-esteem and to encourage youth to say “no” to gangs, drugs and violence and “yes” to hope, learning and life.

After School All-Stars is decentralized with twelve city-based, local nonprofit organizations and Chicago Public Schools After School Program licensing the use of the After-School All-Star’s name. The local organizations apply for grants and receive financial support for program for youth. The Organization was established to assist its affiliated chapters with the development, improvement, and implementation of the After-School All-Stars’ mission. The Organization grants a portion of the funding it receives to its affiliated chapters to be used for general operations, program quality, professional developments and new curriculums. Part of the activities of the Organization is also to form chapters, then separately incorporate them, and if needed, take over the operations of struggling chapters, reorganize them and spin them off into their own chapter again when they are able.

During the year ended June 30, 2015, the Organization operated the North Texas, Washington DC, Philadelphia, and New York chapters.

Cash and Cash Equivalents – The Organization defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

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 the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting – The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and other liabilities.

Functional Allocation of Expenses – Costs of providing the Organization’s programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Basis of Presentation – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Financial Accounting Standards Board.

AFTER-SCHOOL ALL-STARS

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Asset Classes – The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets of the Organization are defined as:

- Unrestricted: All resources over which the governing board has discretionary control to use in carrying on the general operations of the Organization.
- Temporarily restricted: Net assets are restricted by donors to be used for specific purposes. The Organization currently has \$2,173,647 of temporarily restricted net assets.
- Permanently restricted: Net assets are permanently restricted by donors and cannot be used by the Organization. The Organization does not currently have any permanently restricted net assets.

Grants, Contributions and Pledges Receivables – Grants and contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Conditional grants and contributions are recorded as support in the period the condition is met. Such grants and contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the restriction, usually when the funds are spent. Pledges for future grants and contributions are recorded as receivables and reported at their estimated net realizable values. Management anticipates all grants and contributions receivable will be collected within the next year; consequently, no grants and contributions have been discounted. Additionally, management has determined no allowance for potentially uncollectible grants and contributions receivable is necessary.

Contributions and grant receivables for the year ended June 30, 2015 are expected to be fully collected within one year.

Monies received for future events is deferred and recognized on the occurrence of the event.

Property, Plant and Equipment – Property, plant and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset

Comparative Totals – The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

AFTER-SCHOOL ALL-STARS

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences – Accumulated unpaid employee vacation benefits are recognized as a liability of the Organization. The current portion of the liability, if material, is recognized at year-end. The entire compensated absences liability is reported on the statement of financial position. Employees of the Organization are paid for days or hours worked based upon Board approved schedules which include vacation. Sick leave is accumulated without limit for each employee at the equivalent rate of one day for each full month of service. Sick leave with pay is provided when employees are absent for health reasons.

Income Taxes – The Organization is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Organization files informational returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Evaluation of Subsequent Events – The Organization has evaluated subsequent events through February 10, 2016, the date these financial statements were available to be issued.

NOTE 2: CONCENTRATION OF CREDIT RISK

The Organization also maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 3: RELATED PARTY TRANSACTIONS

For the years ended June 30, 2015 and 2014, grants to affiliated chapters totaled \$1,016,469, and \$1,219,054, respectively. There were no grant amounts due to affiliated chapters for either years ended June 30, 2015 or 2014.

From time to time and on an as-needed basis, the Organization may provide short-term non-interest bearing loan funding to its affiliated chapters to assist with temporary cash-flow needs. For the years ended June 30, 2015 and 2014 amounts due from affiliated chapters were \$15,869 and \$140,635, respectively.

AFTER-SCHOOL ALL-STARS

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in the accompanying financial statements is presented net of accumulated depreciation. The Organization capitalizes all expenditures for land, buildings and equipment in excess of \$1,000. Depreciation expense was \$8,875 and \$11,404 for the year ended June 30, 2015 and June 30, 2014, respectively.

The components of property, plant and equipment as of June 30, 2015 are as follows:

Leasehold Improvements	\$ 8,741
Equipment	124,124
Property, plant and equipment	<u>132,865</u>
Less accumulated depreciation	(122,469)
Property, plant and equipment, net	<u><u>\$ 10,396</u></u>

NOTE 5: OPERATING LEASES

The Organization leases office space and equipment under non-cancelable operating lease agreements, which expire at various dates through 2020. Lease expense under these agreements for the years ended June 30, 2015 and 2014 was \$161,957 and \$108,203, respectively. Future minimum lease payments are as follows:

Year Ended <u>June 30,</u>	
2016	\$ 205,595
2017	231,683
2018	252,170
2019	152,165
2020	121,668
Thereafter	<u>63,264</u>
Total	<u><u>\$ 1,026,545</u></u>

NOTE 6: RETIREMENT PLAN

The Organization sponsors a defined contribution IRC Section 403(b) retirement plan in which all employees (as defined) are eligible to participate. Employee contributions are fully vested immediately upon contribution to the plan. The assets of the plan are invested at the discretion of the individual employees.

AFTER-SCHOOL ALL-STARS

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

NOTE 6: RETIREMENT PLAN

The Organization may choose to make a matching contribution and an additional discretionary contribution for each participant. Organization matching contributions and discretionary contributions are fully vested in this plan after three years of service. For the years ended June 30, 2015 and 2014, the Organization made matching contributions of \$75,120 and \$54,626, respectively.

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

The Organization experienced the following changes in temporarily restricted net assets for the year ended June 30, 2015:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2015</u>
School Readiness/We Are Ready Initiative	\$ 985,759	\$ 2,849,486	\$ (2,235,249)	\$ 1,599,996
Grants to affiliated chapters	535,067	250,000	(313,916)	471,151
Time restricted	102,500	-	-	102,500
	<u>\$ 1,623,326</u>	<u>\$ 3,099,486</u>	<u>\$ (2,549,165)</u>	<u>\$ 2,173,647</u>