

ACADEMIC LEARNING CENTER, INC.

FINANCIAL STATEMENTS

June 30, 2018

ACADEMIC LEARNING CENTER, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Academic Learning Center, Inc

We have reviewed the accompanying financial statements of Academic Learning Center, Inc (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Younce & Co., PA

Concord, North Carolina

February 5, 2019

ACADEMIC LEARNING CENTER, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS	2018
Current Assets	
Cash- unrestricted	\$ 176,230
Grants receivable	2,000
Other receivables	145
Prepaid expenses	2,468
Total Current Assets	<u>180,843</u>
Property and Equipment	
Computer equipment	835
Furniture & fixtures	1,419
Less: accumulated depreciation	<u>(1,977)</u>
Total Property and Equipment	<u>277</u>
Other Assets	
Cash- restricted	<u>1,000</u>
 TOTAL ASSETS	 <u><u>\$ 182,120</u></u>
 LIABILITIES	
Current Liabilities	
Accounts payable	\$ 1,771
Accrued payroll	590
Payroll liabilities payable	579
Total Current Liabilities	<u>2,940</u>
 TOTAL LIABILITIES	 <u>2,940</u>
 NET ASSETS	
Net Assets - unrestricted	176,180
Net Assets - restricted	3,000
Total Net Assets	<u>179,180</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 182,120</u></u>

The accompanying notes are an integral part of this statement.

ACADEMIC LEARNING CENTER, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2018</u>
SUPPORT			
Grants & corporate contributions	\$ 114,435	\$ 2,000	\$ 116,435
Special events receipts	16,979	-	16,979
Other contributions	18,213	-	18,213
In-kind contributions	316	-	316
Program service revenue	3,100	-	3,100
Interest income	46	-	46
Net assets released from restrictions	<u>2,000</u>	<u>(2,000)</u>	<u>-</u>
Total Support	<u>155,089</u>	<u>-</u>	<u>155,089</u>
EXPENSES			
Program services- Afterschool tutoring	87,892	-	87,892
Management & general	11,826	-	11,826
Fundraising	<u>21,560</u>	<u>-</u>	<u>21,560</u>
Total Expenses	<u>121,278</u>	<u>-</u>	<u>121,278</u>
Increase (Decrease) in Net Assets	33,811	-	33,811
Net Assets - Beginning of Year	<u>142,369</u>	<u>3,000</u>	<u>145,369</u>
Net Assets - End of Year	<u>\$ 176,180</u>	<u>\$ 3,000</u>	<u>\$ 179,180</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, 2018

	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	\$ 33,811
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:	
Depreciation	111
(Increase) decrease in other receivable	(73)
(Increase) decrease in prepaid expenses	(57)
Increase (decrease) in accounts payable	(295)
Increase (decrease) in payroll liabilities payable	(591)
Increase (decrease) in accrued payroll	(7,439)
Net Cash Provided by (Used in) Operating Activities	<u>25,467</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 25,467
 CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	 <u>151,763</u>
 CASH AND CASH EQUIVALENTS AT END OF PERIOD	 <u><u>\$ 177,230</u></u>

The accompanying notes are an integral part of this statement.

ACADEMIC LEARNING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	Program Services	Management & General	Fundraising	Totals 2018
Salaries and wages	\$ 17,845	\$ 8,288	\$ 11,420	\$ 37,553
Payroll taxes	902	524	1,194	2,620
Site directors & teachers	57,587	-	-	57,587
School supplies & materials	1,562	-	-	1,562
Student transportation	755	-	-	755
Special events expense	-	-	3,048	3,048
Professional fees	2,732	988	2,093	5,813
Insurance expense	1,158	419	887	2,464
Compliance, license & registration	532	168	-	700
Rent expense	1,692	612	1,296	3,600
Printing & postage	813	-	-	813
Office expense	234	84	179	497
Telephone	607	219	465	1,291
Repairs & maintenance	8	2	-	10
Conference & annual meeting	189	60	-	249
Website fees	188	68	144	400
Other expenses	1,036	375	794	2,205
Total Expenses Before Depreciation	87,840	11,807	21,520	121,167
Depreciation expense	52	19	40	111
Total Expense	\$ 87,892	\$ 11,826	\$ 21,560	\$ 121,278

The accompanying notes are an integral part of this statement.

ACADEMIC LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
For Year Ended June 30, 2018

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.

continued

ACADEMIC LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

For Year Ended June 30, 2018

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. 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, 2018.

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, 2018, 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, 2018, the Organization's uninsured bank balance is \$0.

continued

ACADEMIC LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
For Year Ended June 30, 2018

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, 2018, composition of fixed assets is as follows:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>
Furniture	\$ 1,419	\$ -	\$ -	\$ 1,419
Computer Equipment	2,247	-	1,412	835

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, 2018 was \$111.

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, 2018.

continued

ACADEMIC LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

For Year Ended June 30, 2018

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 \$300 per month. The lease expires February 2019. Management expects the lease to renew the lease at that time. Total lease expense for the fiscal year ended June 30, 2018 was \$3,600.

NOTE 6 -CONCENTRATIONS

The Organization received approximately \$36,468, which is 24% of its funding from United Way and approximately 33% from two private foundations, for the year ending June 30, 2018.

Grants receivable as of June 30, 2018 is from one grantor.

NOTE 7 - RESTRICTED NET ASSETS

For the Year Ending June 30, 2018

Grant receivable for fiscal year June 30, 2018	\$ 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 February 5, 2019 the date the financial statements were available to be issued.