



youthSpark, Inc.

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Financial Statements

at

June 30, 2015 and 2014

**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 statement of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, 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, 2015 and 2014, 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.

  
February 29, 2016

**youthSpark, Inc.**  
Statement of Financial Position  
June 30, 2015 and 2014

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
Cash	\$ 157,984	\$ 66,025
Government Grant Receivable	20,832	20,663
Pledges Receivable	17,250	11,485
Prepaid Expenses	-	2,640
Fixed Assets, Net	<u>495</u>	<u>951</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 196,561</u></b>	<b><u>\$ 101,764</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 8,578	\$ 15,008
Amounts Held for Others	<u>17,973</u>	<u>-</u>
	26,551	15,008
Net Assets:		
Unrestricted	156,162	72,908
Temporarily Restricted	<u>13,848</u>	<u>13,848</u>
<b>Total Net Assets</b>	<b><u>170,010</u></b>	<b><u>86,756</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 196,561</u></b>	<b><u>\$ 101,764</u></b>

See Accompanying Notes

**youthSpark, Inc.**  
Statement of Activities  
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>UNRESTRICTED NET ASSETS:</b>		
REVENUE AND SUPPORT:		
Government Grants and Contracts	\$ 42,135	\$ 31,602
Foundation and Corporate Grants	276,854	305,751
Contributions	201,527	204,491
Interest and Other Income	<u>32</u>	<u>34</u>
Total Unrestricted Support and Revenue	520,548	541,878
NET ASSETS RELEASED FROM RESTRICTIONS	<u>-</u>	<u>27,352</u>
Total Support and Revenue	520,548	569,230
EXPENSES:		
Program Services	286,842	335,169
General and Administrative	66,558	109,743
Fundraising	<u>83,894</u>	<u>116,941</u>
Total Expenses	<u>437,294</u>	<u>561,853</u>
CHANGE IN UNRESTRICTED NET ASSETS	83,254	7,377
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>		
NET ASSETS RELEASED FROM RESTRICTION	<u>-</u>	<u>(27,352)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>-</u>	<u>(27,352)</u>
CHANGE IN NET ASSETS	83,254	(19,975)
NET ASSETS AT BEGINNING OF YEAR	<u>86,756</u>	<u>106,731</u>
NET ASSETS AT END OF YEAR	<u>\$ 170,010</u>	<u>\$ 86,756</u>

See Accompanying Notes

**youthSpark, Inc.**  
Statement of Functional Expenses  
For the Year Ended June 30, 2015

	Program Services	Support Services		Total
		General and Administrative	Fund Raising	
Salaries	\$ 108,917	\$ 18,473	\$ 20,337	\$ 147,727
Employee Benefits	12,907	1,755	2,051	16,713
Supplies	4,666	1,628	2,095	8,389
Outside Services	64,642	14,500	59,411	138,553
Other Expense	39,571	14,892	-	54,463
Training and Education	223	4,024	-	4,247
Travel and Transportation	10,855	330	-	11,185
Occupancy	45,061	10,500	-	55,561
Depreciation	-	456	-	456
<b>Total</b>	<b>\$ <u>286,842</u></b>	<b>\$ <u>66,558</u></b>	<b>\$ <u>83,894</u></b>	<b>\$ <u>437,294</u></b>

See Accompanying Notes

**youthSpark, Inc.**  
Statement of Functional Expenses  
For the Year Ended June 30, 2014

	Program Services	Support Services		Total
		General and Administrative	Fund Raising	
Salaries	\$ 169,832	\$ 48,517	\$ 25,315	\$ 243,664
Employee Benefits	16,656	6,706	2,495	25,857
Supplies	2,957	3,564	1,273	7,794
Outside Services	48,748	17,166	70,689	136,603
Other Expense	42,790	15,888	17,169	75,847
Training and Education	161	5,671	-	5,832
Travel and Transportation	8,964	1,264	-	10,228
Occupancy	45,061	10,500	-	55,561
Depreciation	-	467	-	467
<b>Total</b>	<b>\$ <u>335,169</u></b>	<b>\$ <u>109,743</u></b>	<b>\$ <u>116,941</u></b>	<b>\$ <u>561,853</u></b>

See Accompanying Notes

**youthSpark, Inc.**  
Statement of Cash Flows  
For the Years Ended June 30, 2015 and 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 83,254	\$ (19,975)
Adjustments to Reconcile Changes in Net Assets to Net Cash (Used in) Operating Activities:		
Depreciation	456	467
Decrease in Government Grant Receivable	(169)	(4,261)
(Increase) in Pledges Receivable	(5,765)	19,962
(Increase) Decrease in Prepaid Expense	2,640	(2,641)
Increase In Amount Held for Others	17,973	-
(Decrease) in Accounts Payable and Accrued Liabilities	(6,430)	(271)
Net Cash Provided by (Used in) Operating Activities	91,959	(6,719)
Net Increase (Decrease) in Cash	91,959	(6,719)
CASH AT THE BEGINNING OF THE YEAR	66,025	72,744
CASH AT THE END OF THE YEAR	\$ 157,984	\$ 66,025

See Accompanying Notes

**youthSpark, INC.**  
Notes to the Financial Statements  
June 30, 2015 and 2014

**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 provide education and training, resources, and counseling to protect youth - coming through juvenile courts - who are at risk of sexual exploitation, transitioning them to healthy, productive lives". The Organization works to end child sex trafficking and make a difference for youth at risk of trafficking. To do this, the Organization treats child sex trafficking as a business - addressing both the "supply" and "demand" sides of the business as a way to interrupt and eliminate the business.

The two primary program areas include: 1) ending child sex trafficking through direct services, early intervention, and prevention education through the "Stop Child Sex Trafficking Program" and 2) serving the unmet needs of the youth and families under the jurisdiction of the Fulton County Juvenile Court. The Organization provides direct support to the Court in times of need.

**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, 2015 and 2014

**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 the Statements of 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.

*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, 2015 and 2014

**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 are expected to be realized in one year or less and are recognized as contribution revenue. Management has determined that all pledges receivable are fully collectible; therefore, no allowance for uncollectible pledges is considered necessary. Pledges receivable amounted to \$17,250 and \$11,485 at June 30, 2015 and 2014, respectively.

*Fair Value of Financial Instruments*

Cash, government grant receivable, pledges receivable, prepaid expenses and accounts payable and accrued liabilities are carried at amounts which approximate their fair value due to the short-term nature of these instruments.

*Equipment, Improvements, and Depreciation*

Acquisition 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.

**NOTE 4 – GOVERNMENTAL GRANT RECEIVABLE**

At June 30, 2015 and 2014, the Organization's grant receivable is as follows:

	<u>2015</u>	<u>2014</u>
Georgia Criminal Justice Coordinating Council	\$ <u>20,832</u>	\$ <u>20,663</u>

**youthSpark, INC.**  
Notes to the Financial Statements  
June 30, 2015 and 2014

**NOTE 5 – FIXED ASSETS**

At June 30, 2015 and 2014, a summary of the Organization’s fixed assets, at cost, is presented below:

	2015	2014
Furniture and Equipment	\$ 17,240	\$ 17,240
Less Accumulated Depreciation	(16,745)	(16,289)
Net Fixed Assets	\$ 495	\$ 951

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2015 and 2014, temporarily restricted net assets are \$13,848 for maintenance and renovation of the Judge Jones Memorial Playground.

**NOTE 7 – AMOUNTS HELD FOR OTHERS**

The Organization has on deposit in its operating account \$7,973 held on behalf of the Fulton County Juvenile Court for the Family Drug Treatment Accountability Court and \$10,000 held on behalf of the Fulton County Juvenile Court for Cold Case Court Assistance. Payments are made directly to vendors and contractors when authorized by the juvenile court judges having responsibility for the funds.

**NOTE 8 – IN-KIND CONTRIBUTIONS**

The Organization received the following in-kind contributions related to its programs during the 2015 and 2014 fiscal years:

*Facilities* - The Juvenile Court provided 4,106 square feet of space for one of the Organization's programs. This contribution includes utilities, phone and internet services and is valued at \$45,061 during the 2015 and 2014 fiscal years. This contribution of facilities is recorded in the financial statements as support from contributions and as program services expense.

In addition, the Organization receives in-kind contributions of administrative office space. This contribution includes utilities, phone and internet services and is valued at \$10,500 during the 2015 and 2014 fiscal years. This contribution of facilities is recorded in the financial statements as support from contributions and general and administrative occupancy expenses.

*Services* - The Juvenile Court provided services rendered by volunteers and by employees valued at \$33,191 during the 2015 and 2014 fiscal years.. This contribution is recorded in the financial statements as support from contributions and as program services expense.

**youthSpark, INC.**  
Notes to the Financial Statements  
June 30, 2015 and 2014

**NOTE 9 – CONTINGENCIES**

Amounts received or receivable from grantor agencies and third party providers 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 10 – 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, 2015 and 2014 was \$2,175 and \$2,750, respectively.

**NOTE 11 - 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 February 29, 2016, 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, 2015.