



**ACADEMY FOR CREATING ENTERPRISE
AUDITED FINANCIAL STATEMENTS**

Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Academy for Creating Enterprise

Opinion

We have audited the accompanying financial statements of Academy for Creating Enterprise (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Academy for Creating Enterprise as of December 31, 2022 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Academy for Creating Enterprise and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Academy for Creating Enterprise's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Academy for Creating Enterprise's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Academy for Creating Enterprise's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Squire & Company, PC

Orem, Utah
April 19, 2023

ACADEMY FOR CREATING ENTERPRISE
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

Current Assets:

Cash	\$ 1,849,600
Accounts receivable	4,068
Prepaid expenses and deposits	3,010
Current portion of contributions receivable	<u>512,000</u>
Total current assets	2,368,678

Certificates of Deposit 1,800,191

Contributions Receivable, less current portion and discount 611,926

Total assets \$ 4,780,795

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses \$ 109,804

Net Assets:

Without donor restrictions 3,353,378
With donor restrictions 1,317,613

Total net assets 4,670,991

Total liabilities and net assets \$ 4,780,795

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

ACADEMY FOR CREATING ENTERPRISE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

Net Assets Without Donor Restrictions:

Revenues and support:	
Donations	\$ 1,285,579
Interest	4,593
Net assets released from restrictions	<u>886,233</u>
Total revenues and support	2,176,405
Expenses:	
Program services	1,603,877
Supporting services:	
Management and general	74,228
Fundraising	<u>358,422</u>
Total expenses	<u>2,036,527</u>
Change in net assets without donor restrictions	139,878

Net Assets With Donor Restrictions:

Donations	434,418
Net assets released from restrictions	<u>(886,233)</u>
Change in net assets with donor restrictions	<u>(451,815)</u>

Change in Net Assets (311,937)

Net Assets at Beginning of Year 4,982,928

Net Assets at End of Year \$ 4,670,991

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

ACADEMY FOR CREATING ENTERPRISE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	<u>Supporting Services</u>			Total Functional Expenses
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Wages and benefits	\$ 334,158	\$ 66,550	\$ 296,726	\$ 697,434
Grants	906,389	-	-	906,389
Professional services	12,989	1,425	9,983	24,397
Office	1,300	169	3,124	4,593
Promotion	9,094	-	17,626	26,720
Information technology	207,963	564	2,004	210,531
Supplies	9,758	-	5,075	14,833
Travel	112,001	1,953	10,609	124,563
Occupancy	6,281	1,233	4,814	12,328
Other	3,944	2,334	8,461	14,739
Total	<u>\$ 1,603,877</u>	<u>\$ 74,228</u>	<u>\$ 358,422</u>	<u>\$ 2,036,527</u>

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

ACADEMY FOR CREATING ENTERPRISE
STATEMENTS OF CASH FLOWS
Year Ended December 31, 2022

Cash Flows from Operating Activities:

Change in net assets	\$ (311,937)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	3,322
Contributions receivable	469,135
Prepaid expenses and deposits	(1,315)
Accounts payable and accrued expenses	41,421
	<hr/>
Total adjustments	512,563
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Net cash provided by operating activities	200,626

Cash Flows from Investing Activities:

Purchases of certificates of deposit	<hr/> (1,800,191)
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Net Change in Cash (1,599,565)

Cash at Beginning of Year

3,449,165

Cash at End of Year

\$ 1,849,600

Supplementary Data:

The Organization paid no interest or income taxes during the year ended December 31, 2022.

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

ACADEMY FOR CREATING ENTERPRISE NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Academy for Creating Enterprise (the Organization) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization

The Organization is a nonprofit organization organized in 1999 in the State of Utah under the name Called2Serve Foundation for the purpose of teaching entrepreneurship and helping those with low incomes become self-reliant.

During 2022, the Organization formally changed its name from Called2Serve Foundation to Academy for Creating Enterprise.

Revenue Recognition

The Organization recognizes revenue when cash, an unconditional promise to give, or grant award has been received.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Organization’s management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Cash

At December 31, 2022, the carrying amount of the Organization’s cash deposits was \$1,849,600 and the bank balance was \$1,765,857, of which \$366,709 was covered by federal depository insurance.

Contributions Receivable

Contributions are recorded when an unconditional promise to give’s collection is expected in the near term and is probable. The Organization has not established an allowance for uncollectable contributions at December 31, 2022 because management believes all amounts are fully collectable.

ACADEMY FOR CREATING ENTERPRISE NOTES TO THE FINANCIAL STATEMENTS

Unconditional promises to give will be received from within one year to ten years and have been discounted to their net present value using the U.S. Treasury Bill rate for the anticipated collection period.

Certificates of Deposit

The Organization invests excess cash in one-year certificates of deposit.

Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Certain costs are allocated to one or more program or supporting functions based on time and effort. Such allocations are determined by management on an equitable basis.

Tax Status

The Organization is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (except for net income derived from unrelated business activities) and is classified as a Section 501(c)(3) public charity. Also, the Organization is not subject to state income taxes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and support and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through April 19, 2023, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

**ACADEMY FOR CREATING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31, 2022:

Financial assets at year end:	
Cash	\$ 1,849,600
Accounts receivable	4,068
Certificates of deposit	1,800,191
Current portion of contributions receivable	<u>512,000</u>
Total financial assets	4,165,859
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(1,317,613)</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 2,848,246</u></u>

The Organization’s goal is generally to maintain liquid financial assets (cash) to meet three months of operating expenses (approximately \$500,000). Excess cash is invested in certificates of deposit.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows at December 31, 2022:

Receivable within one year	\$ 512,000
Receivable from one to four years	481,500
Five or more years	<u>189,695</u>
Total contributions receivable	1,183,195
Discount contributions to net present value	(59,269)
Allowance for uncollectable contributions	<u>-</u>
Contributions receivable, net	<u><u>\$ 1,123,926</u></u>

NOTE 4 – RELATED PARTY

The Organization paid a company partially owned by a board member \$5,120 for information technology services during the year ended December 31, 2022.

ACADEMY FOR CREATING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – NET ASSETS

Net assets with donor restrictions are restricted as follows at December 31, 2022:

Purpose restrictions:	
Technology	\$ 134,418
Subject to the passage of time:	
Contributions receivable, unavailable until received	<u>1,183,195</u>
Total net assets with donor restrictions	<u><u>\$ 1,317,613</u></u>

Net assets released from donor restrictions are summarized as follows for the year ended December 31, 2022:

Technology	\$ 109,428
Contributions receivable collected	<u>776,805</u>
	<u><u>\$ 886,233</u></u>