

ACADEMY FOR CREATING ENTERPRISE

AUDITED FINANCIAL STATEMENTS

Year Ended December 31, 2023

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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, 2023, 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, 2023 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.

Report on Summarized Comparative Information

We have previously audited Academy for Creating Enterprise's 2022 financial statements and we expressed an unmodified opinion on those financial statements in our report dated April 19, 2023. In our opinion, the summarized comparative financial information presented herein as of and for the year December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Orem, Utah
April 3, 2024

ACADEMY FOR CREATING ENTERPRISE
STATEMENT OF FINANCIAL POSITION
December 31, 2023 with Comparative Totals for 2022

	2023	2022
ASSETS		
Current Assets:		
Cash	\$ 977,768	\$ 1,849,600
Other receivables	1,074	4,068
Prepaid expenses and deposits	4,144	3,010
Current portion of contributions receivable	<u>310,500</u>	<u>512,000</u>
Total current assets	1,293,486	2,368,678
Certificates of Deposit	2,179,532	1,800,191
Contributions Receivable , less current portion and discount	<u>284,420</u>	<u>611,926</u>
Total assets	<u>\$ 3,757,438</u>	<u>\$ 4,780,795</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 64,167	\$ 109,804
Net Assets:		
Without donor restrictions	3,069,077	3,353,378
With donor restrictions	<u>624,194</u>	<u>1,317,613</u>
Total net assets	<u>3,693,271</u>	<u>4,670,991</u>
Total liabilities and net assets	<u>\$ 3,757,438</u>	<u>\$ 4,780,795</u>

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

ACADEMY FOR CREATING ENTERPRISE
STATEMENT OF ACTIVITIES

Year Ended December 31, 2023 with Comparative Totals for 2022

	2023	2022
Net Assets Without Donor Restrictions:		
Revenues and support:		
Donations	\$ 1,117,264	\$ 1,285,579
Interest	115,333	4,593
Employee retention credit and other	112,859	-
Net assets released from restrictions	<u>693,419</u>	<u>886,233</u>
Total revenues and support	2,038,875	2,176,405
Expenses:		
Program services	1,912,479	1,603,877
Supporting services:		
Management and general	85,136	74,228
Fundraising	<u>325,561</u>	<u>358,422</u>
Total expenses	<u>2,323,176</u>	<u>2,036,527</u>
Change in net assets without donor restrictions	(284,301)	139,878
Net Assets With Donor Restrictions:		
Donations	-	434,418
Net assets released from restrictions	<u>(693,419)</u>	<u>(886,233)</u>
Change in net assets with donor restrictions	<u>(693,419)</u>	<u>(451,815)</u>
Change in Net Assets	(977,720)	(311,937)
Net Assets at Beginning of Year	<u>4,670,991</u>	<u>4,982,928</u>
Net Assets at End of Year	<u><u>\$ 3,693,271</u></u>	<u><u>\$ 4,670,991</u></u>

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

ACADEMY FOR CREATING ENTERPRISE
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023 with Comparative Totals for 2022

	<u>Supporting Services</u>				<u>Total</u>	
	<u>Program Services</u>	<u>Management and General</u>		<u>Fundraising</u>		
					<u>2023</u>	<u>2022</u>
Wages and benefits	\$ 343,613	\$ 55,750	\$ 259,536	\$ 658,899	\$ 697,434	
Grants	1,247,876	-	-	1,247,876	906,389	
Professional services	8,038	24,653	7,296	39,987	24,397	
Office	3,556	74	1,942	5,572	4,593	
Promotion	20,531	113	23,946	44,590	26,720	
Information technology	198,834	1,395	3,008	203,237	210,531	
Supplies	7,762	-	10,036	17,798	14,833	
Travel	66,495	163	3,204	69,862	124,563	
Occupancy	6,065	1,310	4,379	11,754	12,328	
Other	9,709	1,678	12,214	23,601	14,739	
Total	<u>\$ 1,912,479</u>	<u>\$ 85,136</u>	<u>\$ 325,561</u>	<u>\$ 2,323,176</u>	<u>\$ 2,036,527</u>	

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

ACADEMY FOR CREATING ENTERPRISE
STATEMENT OF CASH FLOWS

Year Ended December 31, 2023 with Comparative Totals for 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ (977,720)	\$ (311,937)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Other receivables	2,994	3,322
Contributions receivable	529,006	469,135
Prepaid expenses and deposits	(1,134)	(1,315)
Accounts payable and accrued expenses	(45,637)	41,421
Total adjustments	<u>485,229</u>	<u>512,563</u>
Net cash provided (used) by operating activities	(492,491)	200,626
Cash Flows from Investing Activities:		
Net purchases of certificates of deposit	<u>(379,341)</u>	<u>(1,800,191)</u>
Net Change in Cash	(871,832)	(1,599,565)
Cash at Beginning of Year	<u>1,849,600</u>	<u>3,449,165</u>
Cash at End of Year	<u><u>\$ 977,768</u></u>	<u><u>\$ 1,849,600</u></u>

Supplementary Data:

The Organization paid no interest or income taxes during the year ended December 31, 2023.

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, 2023, the carrying amount of the Organization’s cash deposits was \$977,768 and the bank balance was \$930,846, of which \$266,261 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, 2023 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 3, 2024, 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.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31, 2023:

Financial assets at year end:	
Cash	\$ 977,768
Other receivables	1,074
Certificates of deposit	2,179,532
Current portion of contributions receivable	<u>310,500</u>
Total financial assets	3,468,874
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(624,194)</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 2,844,680</u></u>

ACADEMY FOR CREATING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

The Organization's goal is generally to maintain liquid financial assets (cash) to meet three months of operating expenses (approximately \$580,000). Excess cash is invested in certificates of deposit.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows at December 31, 2023:

Receivable within one year	\$ 310,500
Receivable from one to four years	149,000
Five or more years	<u>164,694</u>
Total contributions receivable	624,194
Discount contributions to net present value	(29,274)
Allowance for uncollectable contributions	<u>-</u>
Contributions receivable, net	<u><u>\$ 594,920</u></u>

NOTE 4 – NET ASSETS

Net assets with donor restrictions of \$624,194 are restricted subject to the passage of time at December 31, 2023.

Net assets released from donor restrictions are summarized as follows for the year ended December 31, 2023:

Technology	\$ 134,418
Contributions receivable collected	<u>559,001</u>
	<u><u>\$ 693,419</u></u>