

**A'S & ACES**  
**(A Non-Profit Organization)**  
**FINANCIAL REPORT**  
**For the Year Ended**  
**December 31, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date AUG 20 2014



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**A's & Aces**  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
A's & Aces  
New Orleans, Louisiana

We have audited the accompanying financial statements of A's & Aces (A Non Profit Corporation) (the "Organization"), which comprise the Statement of Financial Position as of December 31, 2013, and the related Statement of Activities, Statement of Functional Expenses, and Statement of Cash Flows 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 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 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 Organization'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 Organization'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 the Organization as of December 31, 2013, 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.

*Carr, Riggs & Ingram, LLC*

July 23, 2014

**A's & Aces**  
**Statement of Financial Position**

December 31, 2013

**Assets**

Current assets:

Cash and cash equivalents	\$ 67,098
Accounts receivable	23,870
Prepaid expenses	3,605

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Total current assets	94,573
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Transportation equipment, net of accumulated depreciation of \$7,263	9,495
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Total assets	\$ 104,068
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**Liabilities and Net Assets**

Current liabilities:

Payroll taxes payable	\$ 3,940
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Total current liabilities	3,940
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Unrestricted net assets	95,128
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Temporarily restricted net assets	5,000
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Total net assets	100,128
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Total liabilities and net assets	\$ 104,068
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The accompanying notes are an integral part of these financial statements.

**A's & Aces**  
**Statement of Activities**

*For the year ended,*

**2013**

	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Other Support</b>			
Donated services	\$ 152,111	\$ -	\$ 152,111
Donated facilities and materials	76,462	-	76,462
Program revenue	58,073	-	58,073
State and local grants	5,619	38,322	43,941
Private grants	9,861	23,870	33,731
Fundraising	18,259	-	18,259
Contributions	10,157	3,250	13,407
<b>Total Public Support and Other Revenues</b>	<b>330,542</b>	<b>65,442</b>	<b>395,984</b>
<b>Net assets released from restrictions</b>	<b>60,442</b>	<b>(60,442)</b>	<b>-</b>
<b>Total revenues and other support</b>	<b>390,984</b>	<b>5,000</b>	<b>395,984</b>
<b>Expenses</b>			
Program services	319,043	-	319,043
Supporting services:			
General and administrative	68,663	-	68,663
Fundraising	1,195	-	1,195
<b>Total expenses</b>	<b>388,901</b>	<b>-</b>	<b>388,901</b>
<b>Change in net assets</b>	<b>2,083</b>	<b>5,000</b>	<b>7,083</b>
<b>Net Assets Beginning of Year</b>	<b>93,045</b>	<b>-</b>	<b>93,045</b>
<b>Net Assets End of Year</b>	<b>\$ 95,128</b>	<b>\$ 5,000</b>	<b>\$ 100,128</b>

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

**A's & Aces**  
**Statement of Functional Expenses**

*For the year ended December 31, 2013*

		Supporting Services			Total Expenses			
		Program Services	General and Administrative	Fundraising and Promotion				
Costs and Expenses on a Functional Basis:								
Professional services - in-kind	\$	110,081	\$	42,030	\$	-	\$	152,111
Payroll, contract labor, and related taxes		72,818		-		-		72,818
Professional services		63,855		-		-		63,855
Tennis court rental - in-kind		50,072		-		-		50,072
Office space - in-kind		-		13,200		-		13,200
Program supplies - in-kind		13,190		-		-		13,190
Liability insurance		-		4,824		-		4,824
Program supplies		3,778		-		-		3,778
Depreciation expense		-		3,352		-		3,352
Parking and mileage		3,078		-		-		3,078
Telephone		-		2,560		-		2,560
Travel and conferences		1,946		-		40		1,986
Staff development		-		1,413		-		1,413
Fundraising events		-		-		906		906
Dues, memberships, and subscriptions		-		784		-		784
Postage		-		-		249		249
Office supplies		-		237		-		237
Interest and bank charges		-		155		-		155
Miscellaneous		225		108		-		333
TOTAL EXPENSES		\$	319,043	\$	68,663	\$	1,195	\$ 388,901

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

**A's & Aces**  
**Statement of Cash Flows**

*For the year ended December 31,*

**2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 7,083
Adjustments to reconcile the change in net assets to cash provided by operating activities:	
Depreciation expense	3,352
Changes in operating assets and liabilities:	
Increase in accounts receivable	(18,670)
Decrease in prepaid expenses	34
Decrease in accounts payable and payroll taxes payable	(8,806)
<b>Net cash used by operating activities</b>	<b>(17,007)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(17,007)</b>
Cash and cash equivalents at beginning of year	84,105
<b>Cash and cash equivalents at end of year</b>	<b>\$ 67,098</b>

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



**A's & Aces**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** – A's & Aces (A Non Profit Corporation) (the "Organization") is a 501(c)(3) not-for-profit organization dedicated to serve as an intensive youth development program with a focus in tennis, academic tutoring, and character development for the City of New Orleans, Louisiana youth by developing skills in tennis; assisting the City of New Orleans' youth and other institutions on pursuing excellence in education and athletics for New Orleans' youth; bringing academic support and tennis to those who would not otherwise have the opportunity; offering after-school tennis and academic programs; offering summer tennis and academic programs; sponsoring, organizing, and participating in other activities of a non-profit charitable, educational or scientific nature compatible with the foregoing; and transacting any other lawful business for which an organization may be formed under Chapter 2, Title 12 of the Louisiana Revised Statutes.

**Basis of Accounting** - The Organization's financial statements are presented using the accrual basis of accounting.

**Basis of Presentation** - The Organization follows the provisions of FASB Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*, which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

- **Unrestricted** - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- **Temporarily Restricted** - Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to such stipulations.
- **Permanently Restricted** - Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Organization.

The classification of net assets into the three separate groupings described above is based on criteria established by the Financial Accounting Standards Board (FASB) which are not necessarily consistent with regulations of the Internal Revenue Service concerning restrictions on donations.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Cash and Cash Equivalents** - For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**A's & Aces**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition** - Contributions are recorded as revenue on the accrual basis as they are received. Contributions are principally received from corporate and individual donors in the New Orleans, Louisiana area. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donated assets are recorded at their estimated fair market value at the time of receipt.

**Functional Allocation of Expenses** - Expenses are summarized on a functional basis and, except when readily assignable, distributed based upon management's estimate of usage applicable to conducting its functional activities.

**Income Taxes** - The Organization is a not-for profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization's management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; currently no tax audits are ongoing.

**Transportation Equipment** - Transportation equipment is carried at cost less accumulated depreciation. Depreciation of the vehicle is computed on the straight-line method over its estimated useful life of the asset (5 years).

**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 net assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

**Subsequent Events** - The Organization has evaluated subsequent events through July 23, 2014, the date the financial statements were available to be released.

**A's & Aces**  
**Notes to Financial Statements**

**NOTE 2 - CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash balances at a local financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the year ending December 31, 2013. At times, the balance may exceed the federally insured amount.

**NOTE 3 - SOURCES OF PUBLIC SUPPORT**

The Organization receives a substantial amount of its public support from in-kind contributions. In-kind contributions received during 2013 consist of the following:

Professional Services	\$ 152,111
Tennis Courts	50,072
Office Space	13,200
Program Supplies	<u>13,190</u>
Total	<u>\$ 228,573</u>

In-kind contributions are recorded as donated facilities and materials and services in the accompanying financial statements at their estimated fair value.

**NOTE 4 - CONTRIBUTED SERVICES**

As part of its program services, the Organization relies on volunteers to tutor and instruct students. These contributed services included tutoring and instructing through Coaches Across America, Tulane University, AmeriCorps Vista, etc. Total estimated fair value of contributed instructional service hours for the year ended December 31, 2013 was \$110,081.

Donated professional services totaling \$42,030 are also included in contributed professional services (general and administrative) for 2013. Professional services include legal, accounting, and website management and are valued at the donors' standard fees.

The Organization also has volunteer service hours unrelated to programming in 2013, which consist of various tasks primarily related to its fundraising activities. No amounts have been reflected in the accompanying financial statements for non-programming related service hours since they do not meet the criteria for recognition under FASB Accounting Standards Codification ("ASC") 958-605 *Not for Profit Entities, Revenue Recognition*.

**NOTE 5 - BOARD OF DIRECTORS' COMPENSATION**

The Board of Directors is a voluntary Board. Accordingly, no compensation was paid to any Board member for the year ended December 31, 2013, except as noted in Note 6.

**A's & Aces**  
**Notes to Financial Statements**

**NOTE 6 – RELATED PARTY TRANSACTION**

The Organization's Executive Director received \$49,790 in salary in 2013 for his employment as an instructor and manager. The Executive Director is also an ex officio member of the Board of Directors.

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

The total of the Organization's temporarily restricted net assets is available for the purpose of activities other than fundraising or administrative expenses.