

COUNCIL ON AT-RISK YOUTH
FINANCIAL STATEMENTS
Year Ended September 30, 2024

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INDEPENDENT ACCOUNTANT'S AUDIT REPORT

To the Board of Directors
Council on At-risk Youth
Austin, TX 78705

Opinion

We have audited the accompanying financial statements of Council on At-risk Youth (a Not-for-Profit Organization) which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses and cash flow for the year ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Council on At-risk Youth as of September 30, 2024, 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 audits 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 Council on At-risk Youth and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

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 Council on At-risk Youth's ability

to continue as a going concern for a reasonable period of time, one year from the date the financial statements are available to be issued.

Auditor's Responsibility

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 not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Council on At-risk Youth'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 Council on At-risk Youth'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.

Ernest L. Tomkiewicz CPA

Ernest L Tomkiewicz CPA PLLC

Concord, NH

February 25, 2025

COUNCIL ON AT-RISK YOUTH
Statement of Financial Position
As of September 30, 2024

ASSETS

Current Assets

Cash	\$	178,590
Accounts Receivable		267,945
Prepaid Expenses		3,269
Investments		27,633

Total Current Assets	\$	477,437
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Non-current assets

Fixed Assets (net)	\$	11,008
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Total Non-current Assets	\$	11,008
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TOTAL ASSETS	\$	488,445
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LIABILITIES

Current Liabilities

Accrued Liabilities	\$	13,698
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Total Current Liabilities	\$	13,698
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Non-current Liabilities

\$	-
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Total Non-current Liabilities	\$	-
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TOTAL LIABILITIES	\$	13,698
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NET ASSETS

Without Donor Restrictions	\$	474,347
With Donor Restrictions		400

TOTAL NET ASSETS	\$	474,747
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TOTAL LIABILITIES AND NET ASSETS	\$	488,445
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See accompanying notes and independent accountant's audit report

COUNCIL ON AT-RISK YOUTH**Statement of Activities**

For the Year Ended September 30, 2024

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Support		
Contributions	\$	71,354
Grants		451,984
Fundraising		8,771
Program Fees		1,079,128
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Total Support	\$	1,611,237
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Expenses		
Program Expenses	\$	1,323,092
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Total Program Expenses	\$	1,323,092
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Supporting Services		
Administration	\$	176,272
Fundraising		69,686
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Total Supporting Services Expenses	\$	245,958
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Total Expenses	\$	1,569,050
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Other Income and Expenses		
Investment Income	\$	2,857
Unrealized Gain		6,003
Other Income		17,784
Securities		10,159
In-kind Donations		15,591
In-kind Expenses		(15,591)
Prior Period Net Asset Adjustment		6,800
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CHANGE IN NET ASSETS		
With Donor Restrictions	\$	-
Without Donor Restrictions		85,790
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Total Change in Net Assets	\$	85,790
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NET ASSETS, Beginning	\$	388,957
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NET ASSETS, Ending	\$	474,747
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See accompanying notes and independent accountant's audit report

COUNCIL ON AT-RISK YOUTH
Statement of Cash Flows
For the Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$	85,790
Increase in net assets		
(Increase) decrease from operating assets		
Depreciation		580
Accounts Receivable		52,352
Investments		(17,189)
Increase (decrease) from operating liabilities		
Accounts Payable		(17,957)
Accrued Liabilities		(6,778)
Deferred Revenue		(106,006)

Net cash used in operating activities	\$	(9,208)
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CASH FLOWS FROM INVESTING ACTIVITIES

Fixed Assets	\$	(11,988)
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Net cash used in investing activities	\$	(11,988)
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CASH FLOWS FROM FINANCING ACTIVITIES	\$	-
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Net cash used in financing activities	\$	-
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$	(21,196)
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CASH AND CASH EQUIVALENTS, beginning of year	\$	199,786
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CASH AND CASH EQUIVALENTS, end of year	\$	178,590
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Interest Paid	\$	-
Taxes Paid	\$	-

See accompanying notes and independent accountant's audit report

COUNCIL ON AT-RISK YOUTH
Statement of Functional Expenses
For the Year Ended September 30, 2024

	Program Expenses	Administration	Fundraising	Total
Accounting	\$ -	\$ 23,400	\$ -	\$ 23,400
Advertising	979	-	-	979
Depreciation	580	-	-	580
Employee Benefits	104,748	12,323	6,162	123,233
Incentives	19,952	-	-	19,952
Insurance	20,205	1,063	-	21,268
IT	17,995	-	-	17,995
Memberships	1,755	-	-	1,755
Miscellaneous	2,230	941	-	3,171
Occupancy	397	3,577	-	3,974
Office	4,046	5,961	-	10,007
Payroll Taxes	78,597	9,247	4,623	92,467
Professional Fees	25,516	100	50	25,666
Scholarship	1,000	-	-	1,000
Staff Development	17,617	1,957	-	19,574
Supplies	39,740	2,852	1,426	44,018
Tavel	11,503	-	-	11,503
Wages	976,232	114,851	57,425	1,148,508
Total	\$ 1,323,092	\$ 176,272	\$ 69,686	\$ 1,569,050

COUNCIL ON AT-RISK YOUTH
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – THE ORGANIZATION

Nature of operations and Revenue

Council on At-Risk Youth (the "Council"), was incorporated in the State of Texas on December 7, 1998. The Council is dedicated to helping youth prevent violence, drug abuse and delinquency through public information, training, and management of youth violence prevention programs. The Council surveys best practice prevention initiatives, collaborates with other organizations and implements violence prevention programs for groups of youth who are at risk of violent behavior and who are assigned to disciplinary programs in the public school setting.

The Council accomplishes its mission by working with troubled and troublesome students placed in in-school suspension, detention or removed to behavioral alternative learning centers. Students are referred to the Council's programs by school administrators and counselors.

A comprehensive case management approach is used that includes the following:

- PeaceRox, an evidenced based curriculum that emphasizes positive social skills, violence prevention, and character education that stems from the nationally certified Aggression Rehabilitation Training (ART) program
- Individual counseling, coaching and behavioral goal-setting
- Parent support groups focusing on parent empowerment
- Scholarship opportunities for program graduates

The Council's revenue is primarily generated from government grants and contracts.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report 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 the Organization's management and the board of directors.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the

Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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. For the year ended September 30, 2024, the Organization holds no donor restricted funds.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing operations. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents

The Organization considers cash, money market accounts and short-term, highly liquid investments with a maturity of three months or less, as cash in the financial statements. The balance of cash is held in FDIC insured bank accounts. There are no cash equivalents as of September 30, 2024. The Organization's cash balance at year end is \$178,590.

Use of 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 expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

The cost of all advertising is expensed as incurred by the Organization. Advertising costs for the fiscal year 2024 are \$979.

Capitalization Policy

The Organization capitalizes property and equipment with a cost over \$2,500 and an estimated useful life of more than one year. Improvements to the building are capitalized if they extend the original useful life of the building or increase its valuation. Property and equipment are recorded at cost. Depreciation is provided for using the straight-line method in amounts designed to amortize the cost of the assets over their estimated useful lives as follows:

Building and improvements	15 - 39 years
Furniture, fixtures and equipment	3 - 7 years
Costumes and props	7 years

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue.

Conditional promises to give are not included as support until the conditions are met. As of September 30, 2024, the Organization has \$267,945 in contributions receivable.

Receivables report amounts earned and billed under cost reimbursement grants and contracts, as well as amount pledged by donors. Cost reimbursement grants are considered conditional promises to give, the conditions to be met are generally compliance with the delivery of a program service and sometimes within budget guidelines. Interest is not charged on receivables, nor is collateral required. Receivables are valued using an allowance for uncollectible accounts. Receivables are considered past due and thus delinquent depending on how recently payments have been received. At September 30, 2024 no significant receivables are considered past due, management believes all amounts are collectible, therefore no allowance was considered necessary. The allowance for uncollectible accounts is considered an accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed goods are reported as support if the goods can be used in conducting the program services of the Organization. Contributed services are reported as support if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills, (c) are provided by those possessing those skills, and (d) would otherwise need to be purchased if they were not donated. The value of the contributed goods and services reported are based on information provided by the funding sources, as well as management's estimate in the absence of donor information. The estimates may be adjusted as more current information becomes available and any adjustment could be significant.

The Organization follows accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). Under this guidance revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration that is expected to be received for those goods or services.

Revenue from contracts with participants are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing

instruction in accordance with the contract. These amounts are due from participants, third-party payers and others and include variable consideration for price concessions to participants. The Organization bills in advance and revenue is recognized as the performance obligation is met.

In Kind Donations and Contributed Services

Volunteers have made contributions of their time in furtherance of the Organization's mission. These services are not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

The Organization recognizes contribution revenue for certain services received at the fair value of those services provided if those services create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the fiscal year 2024 the Organization received, and expended, \$15,591 of in-kind donations consisting of good and services.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<i>Expense</i>	<i>Method of Allocation</i>
Program	Percentage
Administrative	Percentage
Fundraising	Percentage

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization periodically reviews its processes to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Investments

Investments are initially reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as unrealized gain/loss in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are reported in income when received.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

Accounts Receivable

Accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. Management considers accounts receivable to be delinquent based on the date of unpaid invoices. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction to the accounts receivable. No allowances are considered necessary for the year ended September 30, 2024. The Organization has no policy for charging interest on past due accounts, nor are any accounts pledged as collateral.

Leases

The Organization follows FASB ASU No. 2017-02, "Leases (Topic 842)," which requires organizations that lease assets, referred to as "lessees," to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2017-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. As of September 30, 2024, the Organization holds no leases which require recognition in the financial statements.

The Organization uses the practical expedient authorized by ASU 2023-01- Leases (Topic 843)- Common Control, to determine the short-term classification of its leases. Under the expedient,

the classification of a lease as short-term is based on the written terms of the agreement rather than the enforceable rights between the lease parties.

Presentation

The Organization follows FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) — *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of its financial statements accordingly. Donor restricted contributions whose restrictions are met in the same reporting period as they are received are reported as unrestricted support.

NOTE C - PROPERTY AND EQUIPMENT, NET

As of September 30, 2024, property and equipment consisted of the following:

Furniture and Fixtures	\$14,936
Accumulated Depreciation	<u>(3,928)</u>
Net	\$11,008

For the year ended September 30, 2024, depreciation expense is \$580.

NOTE D - INVESTMENTS

Excess operating funds are placed in an investment account until the funds are needed for operations. Investment income is available for operations and reported as unrestricted revenue. Investment expenses are reported as a reduction of investment income.

Detail of investments at fair value using the designated level inputs are the following at year-end:

Equity Securities	\$27,633
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Components of investment income consist of the following for the years ended September 30, 2024:

Interest	\$1,663
Dividends	\$1,194
Unrealized Gain	\$6,003

NOTE E - RETIREMENT PLAN

The Organization makes available to eligible employees a retirement annuity plan. The Organization makes contributions to the plan based on the level of employee contributions. Employees are immediately vested in contributions to the plan. For the period ended September 30, 2024, the Organization contributed \$10,357 to the plan.

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

During 2024, no net assets with donor restriction were released from their accompanying stipulations due to the Organization's actions. Restriction are as follows:

Scholarships	\$400
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NOTE G - CONTRIBUTED GOODS AND SERVICES

Non-cash donations of goods and services reported in the financial statements for the year ended September 30, 2024, are as follows:

Goods and Gift Cards	\$15,591
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NOTE H - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets for the year ended September 30, 2024:

Cash	\$178,590
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Investment Account	\$27,633
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For the year ended September 30, 2024, the Organization reports working capital without restrictions in the amount of \$463,339. The average days cash on hand for the year ended September 30, 2024, is 41 days. Including liquid assets in the investment account, the average days cash on hand is 42.

NOTE I – RISK MANAGEMENT AND UNCERTAINTY

Insurance

The Organization is exposed to various risks of loss related to tort, theft of, damage to and destruction of assets, errors and omissions, and job-related illness or injuries to employees for which it carries commercial insurance to cover the risk of loss for both property and business liability. There are no known claims of incidents that may result in the assumption of material claims arising from potential losses as of September 30, 2024.

Legal

The Organization, from time to time, may be involved with lawsuits arising in the ordinary course of business. In the opinion of the Organization's management, any liability resulting from such litigation would not be material in relation to the Organization's financial position, results of operations and cash flows. There is no pending or threatened litigation.

General

Business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Organization's control could cause fluctuations in these conditions. Adverse conditions may include recession, downturn or otherwise, changes in regulations or restrictions on imports, competition or changes in consumer taste. These adverse conditions could affect the Organization's financial condition and the results of its operations. As of September 30, 2024, the Organization is operating as a going concern.

Monetary

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of investments in securities. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Funding

During 2024, the Organization received approximately 69% of its total grants from three funding sources.

Cash in Bank

At times during the fiscal year 2024, the Organization may maintain cash balances with banks in excess of the federally insured amount. This occurrence is not uncommon for businesses which receive revenue amounts similar to those the Organization does.

NOTE J – GOING CONCERN

These financial statements are prepared on a going concern basis. The Organization began operation in 1998 and its ability to continue is dependent upon management's plan to grow profitable operations. The financial statements do not include any adjustments that might be necessary if the Organization is not able to continue as a going concern.

NOTE K - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, The Organization has evaluated events and transactions for potential recognition or disclosure through February 25, 2025, the date that the financial statements are available to be issued.