AFTER-SCHOOL ALL-STARS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

AFTER-SCHOOL ALL-STARS
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YEAR ENDED JUNE 30, 2022

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
After-School All-Stars
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of After-School All-Stars (the Organization), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows, and functional expenses 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 the Organization as of June 30, 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) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Responsibilities of Management 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 the School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 the School'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 the School'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 the Organization's June 30, 2021 financial statements and we expressed an unmodified audit opinion on those financial statements in our report dated May 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
After-School All-Stars

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the Organization's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued a report dated May 11, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
May 11, 2023

AFTER-SCHOOL ALL-STARS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 8,815,028	$ 5,687,795
Accounts Receivable	19,354	162,034
Contributions and Grants Receivable	5,540,910	3,936,193
Due from Affiliates	133,145	27,584
Prepaid Expenses and Other Assets	167,039	168,819
Total Current Assets	14,675,476	9,982,425
LONG-TERM ASSETS		
Property, Plant, and Equipment, Net	27,979	29,110
Total Long-Term Assets	27,979	29,110
Total Assets	$ 14,703,455	$ 10,011,535
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 1,541,277	$ 1,583,491
Due to Affiliates	9	30,272
Deferred Revenue	758,328	864,574
PPP Loan Refundable Advance	-	400,345
Deferred Rent Liability, Current Portion	131,690	62,556
Total Current Liabilities	2,431,304	2,941,238
LONG-TERM LIABILITIES		
Deferred Rent Liability, Net of Current Portion	102,848	121,900
Total Long-Term Liabilities	102,848	121,900
NET ASSETS		
Without Donor Restriction	10,852,864	1,200,636
With Donor Restriction	1,316,439	5,747,761
Total Net Assets	12,169,303	6,948,397
Total Liabilities and Net Assets	$ 14,703,455	$ 10,011,535

See accompanying Notes to Financial Statements.

AFTER-SCHOOL ALL-STARS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Without Donor Restriction	With Donor Restriction	Total 2022	Total 2021
REVENUES				
Contribution and Grant Revenue	$ 10,330,773	$ 3,307,608	$ 13,638,381	$ 9,953,628
In-Kind Revenue	63,320	-	63,320	63,320
PPP Loan Forgiveness Revenue	400,345	-	400,345	2,638,916
Contract Revenue	2,183,756	-	2,183,756	302,772
Special Event Revenue	6,678,468	-	6,678,468	228,808
Less: Costs of Direct Benefits to Donors	(658,877)	-	(658,877)	(41,071)
Other Revenue	29,353	-	29,353	17,655
Net Assets Released from Restrictions	7,738,930	(7,738,930)	-	-
Total Revenues	26,766,068	(4,431,322)	22,334,746	13,164,028
EXPENSES				
Program Services	14,312,435	-	14,312,435	10,668,522
Management and General	1,566,613	-	1,566,613	1,393,332
Fundraising	1,234,792	-	1,234,792	832,408
Total Expenses	17,113,840	-	17,113,840	12,894,262
CHANGE IN NET ASSETS	9,652,228	(4,431,322)	5,220,906	269,766
Net Assets - Beginning of Year	1,200,636	5,747,761	6,948,397	6,678,631
NET ASSETS - END OF YEAR	$ 10,852,864	$ 1,316,439	$ 12,169,303	$ 6,948,397

See accompanying Notes to Financial Statements.

AFTER-SCHOOL ALL-STARS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 5,220,906	$ 269,766
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	10,435	9,982
(Increase) Decrease in Operating Assets:		
Accounts Receivable	142,680	(151,469)
Contributions and Grants Receivable	(1,604,717)	(1,331,768)
Due from Affiliates	(105,561)	49,499
Prepared Expenses and Other Assets	1,780	(62,916)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	(42,214)	306,105
Due to Affiliates	(30,263)	60
Deferred Revenue	(106,246)	693,805
PPP Loan Refundable Advance	(400,345)	(759,586)
Deferred Rent Liability, Current Portion	50,082	54,627
Net Cash Provided (Used) by Operating Activities	3,136,537	(921,895)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Plant, and Equipment	(9,304)	(23,719)
Net Cash Used by Investing Activities	(9,304)	(23,719)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,127,233	(945,614)
Cash and Cash Equivalents - Beginning of Year	5,687,795	6,633,409
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,815,028	$ 5,687,795

See accompanying Notes to Financial Statements.

AFTER-SCHOOL ALL-STARS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Program Services	Management and General	Fundraising	2022	2021
PERSONNEL EXPENSES					
Salaries and Wages	$ 8,722,820	$ 698,688	$ 524,016	$ 9,945,524	$ 7,905,462
Employee Benefits and Payroll Taxes	1,519,948	149,404	112,053	1,781,405	1,522,181
Total Personnel Expenses	10,242,768	848,092	636,069	11,726,929	9,427,643
OTHER FUNCTIONAL EXPENSES					
Accounting Expenses	-	45,362	-	45,362	45,772
Chapter Support and Training	18,035	-	-	18,035	-
Communications	124,096	10,451	4,751	139,298	116,853
Conference and Meeting Expenses	28	-	-	28	-
Consulting	249,970	186,105	11,589	447,664	334,461
Depreciation Expense	-	10,435	-	10,435	9,982
Direct Program Expenses	993,652	-	-	993,652	865,574
Donated Goods and Services	-	11,033	443,006	454,039	69,139
Expensed Equipment and Repairs	124,470	16,697	10,626	151,793	15,131
Grants to Affiliates	239,309	-	-	239,309	124,500
Information Technology Expenses	234,358	29,413	19,854	283,625	142,691
Insurance Expense	58,411	-	-	58,411	138,127
Legal	5,096	50,243	-	55,339	7,959
Marketing	8,462	16,924	31,509	56,895	29,997
Membership Dues	6,941	1,782	1,782	10,505	6,481
Occupancy Expenses	389,828	52,194	27,958	469,980	740,273
Professional Development	1,366,229	-	-	1,366,229	716,321
Recruitment	107,317	81,736	76,753	265,806	11,253
Service and Operating	64,192	195,751	42,200	302,143	93,344
Supplies	44,472	5,966	586,536	636,974	29,016
Travel Expenses	34,801	4,429	1,036	40,266	10,816
Total Other Functional Expenses	4,069,667	718,521	1,257,600	6,045,788	3,507,690
Less: Costs of Direct Benefits to Donors	-	-	(658,877)	(658,877)	(41,071)
Total Expenses	$ 14,312,435	$ 1,566,613	$ 1,234,792	$ 17,113,840	$ 12,894,262

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

After-School All-Stars (the Organization) is a nonprofit public benefit corporation, which was incorporated under the laws of the state of California in 1992. The Organization's mission is to provide comprehensive after-school programs that keep children safe and help them succeed in school and life.

After-School All-Stars is a hybrid model with 19 city-based, local nonprofit organizations and Chicago Public Schools After School Program licensing the use of the After-School All-Stars name. The local organizations apply for grants and receive financial support for programs for youth. The Organization was established to assist its affiliated chapters with the development, improvement, and implementation of the After-School All-Stars' mission. The Organization grants a portion of the funding it receives to its affiliated chapters to be used for general operations, program quality, professional developments, and new curriculums. Part of the activity of the Organization is also to form chapters under the 501(c)(3).

During the year ended June 30, 2021, the Organization's national office operated Bay Area, Chicago, Cleveland, Washington DC, Tampa, Puget Sound, Philadelphia, New York, New Jersey, North Texas directly under the 501(c)(3).

Cash and Cash Equivalents

The Organization defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

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 assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Functional Allocation of Expenses

Costs of providing the Organization's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. For the year ended June 30, 2022, the Organization had $1,316,439 in restricted net assets.

Grants, Contributions, and Pledges Receivables

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise.

Contributions and grant receivables for the year ended June 30, 2022 are expected to be fully collected within one year.

Conditional Grants

Grants that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2022, the Organization has conditional grants of $5,071,992 of which $458,328 is recognized as deferred revenue in the statement of financial position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Grants (Continued)

The Organization also has $300,000 recorded as deferred revenue related to ticket sales to fundraising events to be held after year-end.

Contract Revenue

Contract revenue consists of amounts earned by providing after school services to customers and are recorded in the year services are provided. The performance obligation of providing after school services is simultaneously received and consumed by the customers; therefore, the revenue is recognized ratably over the course of the year as services are provided. Contract received in advance for the of meeting the performance obligation is reported as deferred revenues. As of June 30, 2022 there were no amounts recorded as deferred revenue related to contracts.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset.

Comparative Totals

The financial statements include prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Compensated Absences

ASAS provides paid time off (PTO) for employees to use for vacation, personal time, or sick time off (personal illness, medical appointments, or time off to care for dependents in accordance with employees’ state or local laws) as a benefit to introductory and regular full-time employees at rates determined by their length of employment. Accrual caps are also set according to length of employment – once the PTO accrual cap is hit, no further leave is earned until the employee uses PTO leave beneath the cap.

Income Taxes

The Organization is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Organization files an exempt informational return in the U.S. federal jurisdiction and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively. The Organization is subject to income tax on net income that is derived from business activities that are unrelated business income tax.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Organization has evaluated subsequent events through May 11, 2023, the date these financial statements were available to be issued.

Change in Accounting Principle

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU Number 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about noncash contributions nonprofit organizations receive or make, known as gifts-in-kind (GIKs). Contributed nonfinancial assets are required to be reported by category within the statements of activities, and additional disclosures are required for each category, including whether nonfinancial assets were monetized or utilized during the reporting period, the policy for monetizing nonfinancial contributions, and descriptions of the fair value techniques used to arrive at a fair value measurement. The Organization adopted the requirements of the new ASU as of July 1, 2021, utilizing the retrospective method of transition.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise the following:

Cash and Cash Equivalents	$ 8,815,028
Accounts Receivable	19,354
Contributions and Grants Receivable	5,540,910
Due from Affiliates	133,145
Less: Restricted Net Assets	(1,316,439)
Total	$ 13,191,998

As part of its liquidity management plan, the Organization monitors liquidity required and cash flows to meet operating needs on a monthly basis. The Organization structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

NOTE 3 CONCENTRATION OF CREDIT RISK

The Organization also maintains cash balances held in banks and revolving funds which are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 RELATED PARTY TRANSACTIONS

For the years ended June 30, 2022 and 2021, grants to affiliated chapters totaled $239,309 and $124,500, respectively. As of June 30, 2022 and 2021, there were $9 and $30,272 grant amounts due to affiliated chapters, respectively.

From time to time and on an as-needed basis, the Organization may provide short-term noninterest bearing loan funding to its affiliated chapters to assist with temporary cash-flow needs. For the years ended June 30, 2022 and 2021, amounts due from affiliated chapters were $78,170 and $27,584, respectively.

NOTE 5 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying financial statements are presented net of accumulated depreciation. The Organization capitalizes all expenditures for land, buildings, and equipment in excess of $5,000. Depreciation expense was $10,435 and $9,982 for the years ended June 30, 2022 and 2021, respectively.

The components of property, plant, and equipment as of June 30, 2022 are as follows:

Leasehold Improvements	$ 8,755
Equipment	97,906
Total Property, Plant, and Equipment	106,661
Less: Accumulated Depreciation	(78,682)
Property, Plant, and Equipment, Net	$ 27,979

NOTE 6 CONTRIBUTED NONFINANCIAL ASSETS

The Organization is provided office space by The Meadows Foundation as well as space for programming purposes. Due to the nature of the terms, this lease is considered an in-kind contribution and has been adjusted to fair market value. A reasonable fair market estimate was provided by management and estimated to be $63,320 (included in in-kind contributions) for each of the years ended June 30, 2022 and 2021.

Contributed nonfinancial assets recognized within the statements of activities for each of the years ended June 30, 2022 and 2021 are as follows:

Nonfinancial Asset	Revenue Recognized	Monetized or Utilized	Utilization in Function	Donor Restrictions	Valuation Technique
Rent	$ 63,320	Utilized	Support	None	Estimate of rent of office and facility being used

NOTE 7 RETIREMENT PLAN

The Organization sponsors a defined contribution IRC Section 403(b) retirement plan in which all employees (as defined) are eligible to participate. Employee contributions are fully vested immediately upon contribution to the plan. The assets of the plan are invested at the discretion of the individual employees.

The Organization may choose to make a matching contribution and an additional discretionary contribution for each participant. Organization matching contributions and discretionary contributions are fully vested in this plan after three years of service. For the years ended June 30, 2022 and 2021, the Organization made matching contributions of $162,295 and $148,788, respectively.

NOTE 8 OPERATING LEASES

The Organization leases office space and equipment under noncancelable operating lease agreements, which expire at various dates through 2027. Lease expense under these agreements for the years ended June 30, 2022 and 2021 was $677,024 and $688,932, respectively.

Future minimum lease payments for the year ended June 30, 2022 are as follows:

Year Ended June 30,	Amount
2023	$ 625,136
2024	269,875
2025	263,605
2026	270,611
2027	271,735
Thereafter	29,575
Total	$ 1,730,537

NOTE 9 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function(s). Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that have been allocated include salaries and wages, employee benefits, payroll taxes, consulting fees, and recruitment which are allocated based on time and effort. Marketing, supplies, information technology, occupancy, travel, communication, equipment, and membership dues are allocated based on a measurement of usage.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

The Organization experienced the following changes in net assets with donor restrictions for the year ended June 30, 2022:

	June 30, 2021	Additions	Releases	June 30, 2022
School Readiness/We Are Ready Initiative	$ 84,054	$ -	$ 67,301	$ 16,753
STEM Programs	193,035	37,837	224,043	6,829
Grants for Schools	3,759,688	1,034,968	4,794,656	-
Health and Fitness	74,902	-	74,902	-
Evaluation	(2,853)	-	(2,853)	-
Capacity Building	887,324	-	887,324	-
Educational Program Support	480,660	892,600	1,284,043	89,217
Music Programming	8,948	-	8,948	-
Time Restricted	262,003	1,342,203	400,566	1,203,640
Total	$ 5,747,761	$ 3,307,608	$ 7,738,930	$ 1,316,439

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors.

NOTE 11 PPP LOAN AND FORGIVENESS

On February 23, 2021, the Organization received proceeds in the amount of $1,879,330 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Organization has classified this loan as a conditional contribution for accounting purposes. The Organization recognized $1,478,985 of PPP loan forgiveness revenue related to this agreement during the year ended June 30, 2021 and the remaining $400,345 during the year ended June 30, 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 12 CONTINGENCIES, RISKS, AND UNCERTAINTIES

In the prior fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2023 operations and financial results, including, but not limited to, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

AFTER-SCHOOL ALL-STARS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through the District of Columbia Office of the State Superintendent of Education:			
21st Century Community Learning Centers	84.287	S287C210008	$ 420,240
Passed Through the New York State Education Department:			
21st Century Community Learning Centers	84.287	S287C190032	366,938
Passed Through the Florida Department of Education:			
21st Century Community Learning Centers	84.287	S287C210009	493,905
Passed Through the New Jersey Department of Education:			
21st Century Community Learning Centers	84.287	S287C210030	850,862
Passed Through the Ohio Department of Education:			
21st Century Community Learning Centers	84.287	S287C210035	248,867
Total 21st Century Community Learning Centers			2,380,812
U.S. Department of Health and Human Services			
Temporary Assistance for Needy Families Cluster:			
Passed Through NYS Office of Children and Family Services			
Temporary Assistance for Needy Families	93.558	2101NYTANF-AZ	379,000
Total Temporary Assistance for Needy Families Cluster			379,000
Passed Through Pennsylvania Commission on Crime and Delinquency:			
State Opioid Response Grants	93.788	3H79TI081692-01	60,889
Department of Justice			
Office of Juvenile Justice and Delinquency Prevention	16.726	N/A	49,098
U.S. Corporation for National and Community Service			
Passed Through from AmeriCorps:			
DC Americorps	94.006	N/A	37,222
Total Federal Expenditures			$ 2,907,021

N/A - Pass-through entity number not readily available or not applicable.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal governmental for the year ended June 30, 2022. The information in this Schedule is presented on the accrual basis of accounting in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
After-School All-Stars
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of After-School All-Stars(the Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, the related notes to the financial statements, and have issued our report thereon dated May 11, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Board of Directors
After-School All-Stars

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
May 11, 2023

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
After-School All-Stars
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of After-School All-Stars (the Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements*, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
May 11, 2023

AFTER-SCHOOL ALL-STARS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:				Unmodified
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?	X	Yes		None Reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major federal awards:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Type of auditor's report issued on compliance for major federal programs:				Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	X	No

Identification of Major Federal Programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.287	21^{ST} Century Community Learning Centers

Dollar threshold used to distinguish between type A and type B programs:				$750,000
Auditee qualified as low-risk auditee?	X	Yes		No

Section II – Financial Statement Findings

2022-001 <u>Internal Control Relating to Revenue Recognition</u>

Type of finding: Significant deficiency in internal control relating to revenue recognition.

Repeat finding: Not a repeat finding.

Condition: Errors in accruals for certain contract and grant revenues were not identified and corrected though the Organization's closing process.

Criteria: Internal control processes should be designed and operating throughout the year to ensure misstatements of the Organization's financial statements are prevented, or detected and corrected on a timely basis. Additionally, the closing process should include review of financial information and supporting schedules to ensure proper recording of all transactions in accordance with Generally Accepted Accounting Principles (GAAP).

Cause: Oversight in closing process resulted in the year end accrual entries being erroneously recorded multiple times.

Effect: Potential misstatements of revenue and accounts receivable.

Recommendation: We recommend that the Organization update its periodic and year end closing procedures to ensure all transactions are accounted for in accordance with GAAP.

Views of responsible officials and Corrective Action Plan (Unaudited):

The matter of a grant year-end accrual that was recorded multiple times was flagged by ASAS, however the audit began prior to our fully resolving the matter. The finding was caused by a communication lapse, due to adverse circumstances and communication delays.

1. During the year-end close process, ASAS was transitioning all accounting functions from an outsourced firm and bringing them in-house. This was a one-time occurrence, with significant scope of building systems and personnel.

2. During the audit period, ASAS worked with an external accounting firm, which had several transitions on the team servicing the ASAS account, causing additional disruptions to revenue recognition. Despite the extreme multitude of transactions, additional revenue was accrued on only one grant at year end.

3. Grant revenue was accrued in error when cash receipts were recorded as revenue after it was already accrued, which resulted in overstatement of revenue.

ASAS management has updated the year-end closing procedures to ensure that all transactions are accounted for in accordance with GAAP. The following actions are being taken:

Section II – Financial Statement Findings (Continued)

2022-001 Internal Control Relating to Revenue Recognition (Continued)

Views of responsible officials and Corrective Action Plan (Unaudited) (Continued):

Additional controls that have been Implemented

1. All accounting is now being conducted in-house, removing potential communication lapses.
2. Additional reviews have been added to the process, including local staff with direct knowledge of grant spenddowns.
3. All adjusting journal entries cannot be entered without being approved by a supervisor.

Additional controls in process

1. Implementation of Raiser's Edge, a grant revenue tracking software, which will be reconciled with Financial Edge and assist in managing the posting of all grant revenue and will be jointly reviewed by the Development & Finance departments.
2. Additional year-end review, which fully reconciles cash received and full fiscal year billings against grant awards and modifications.
3. Additional review of accounts receivable aging schedule to identify any potential duplicates.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).