

ACE Mentor Program of America, Inc.

Financial Statements

December 31, 2011 and 2010

Independent Auditors' Report

The Board of Directors ACE Mentor Program of America, Inc.

We have audited the accompanying statements of financial position of ACE Mentor Program of America, Inc. (the "Organization") as of December 31, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACE Mentor Program of America, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

O'Connor Davies, LLP

Stamford, Connecticut
October 22, 2012

ACE Mentor Program of America, Inc.

Statements of Financial Position

	December 31,	
	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 72,480	\$ 112,267
Due from affiliates, net of allowance for doubtful accounts of \$7,500 and \$7,500	58,384	42,014
Pledges and other receivable	688,500	529,250
Prepaid expenses	68,887	45,927
Total Current Assets	888,251	729,458
Pledges receivable, noncurrent	638,636	786,089
Property and equipment, net of accumulated depreciation and amortization	91,479	53,592
	\$ 1,618,366	\$ 1,569,139
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 48,450	\$ 255,690
Scholarships payable, current portion	132,600	119,225
Unearned income, chapters and affiliates	-	67,997
Amounts held on behalf of chapters and affiliates	94,580	94,619
Total Current Liabilities	275,630	537,531
Scholarships payable, noncurrent	105,687	198,413
Total Liabilities	381,317	735,944
Net Assets		
Unrestricted	(15,087)	(387,144)
Temporarily restricted	1,252,136	1,220,339
Total Net Assets	1,237,049	833,195
	\$ 1,618,366	\$ 1,569,139

See notes to financial statements

ACE Mentor Program of America, Inc.

Statements of Activities

	Year Ended December 31, 2011			Year Ended December 31, 2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Contributions	\$ 716,206	\$ 760,704	\$ 1,476,910	\$ 952,722	\$ 407,087	\$ 1,359,809
Contributions in-kind	153,400	-	153,400			
Income from affiliates	415,009	-	415,009	295,326	-	295,326
Other income	96,224	-	96,224	18,323	-	18,323
Net assets released from restrictions	728,907	(728,907)	-	716,878	(716,878)	-
Total Public Support and Revenue	<u>2,109,746</u>	<u>31,797</u>	<u>2,141,543</u>	<u>1,983,249</u>	<u>(309,791)</u>	<u>1,673,458</u>
EXPENSES						
Program services	1,217,562	-	1,217,562	1,475,607	-	1,475,607
General and administrative	341,872	-	341,872	406,455	-	406,455
Fundraising	178,255	-	178,255	194,805	-	194,805
Total Expenses	<u>1,737,689</u>	<u>-</u>	<u>1,737,689</u>	<u>2,076,867</u>	<u>-</u>	<u>2,076,867</u>
Change in Net Assets	372,057	31,797	403,854	(93,618)	(309,791)	(403,409)
NET ASSETS						
Beginning of year	<u>(387,144)</u>	<u>1,220,339</u>	<u>833,195</u>	<u>(293,526)</u>	<u>1,530,130</u>	<u>1,236,604</u>
End of year	<u>\$ (15,087)</u>	<u>\$ 1,252,136</u>	<u>\$ 1,237,049</u>	<u>\$ (387,144)</u>	<u>\$ 1,220,339</u>	<u>\$ 833,195</u>

See notes to financial statements

ACE Mentor Program of America, Inc.

Statements of Functional Expenses

	Year Ended December 31, 2011				Year Ended December 31, 2010			
	Program Services	General and Administrative	Fund-raising	Total Expenses	Program Services	General and Administrative	Fund-raising	Total Expenses
EXPENSES								
Personnel								
Salaries, benefits and taxes	\$ 513,220	\$ 135,228	\$ 77,484	\$ 725,932	\$ 489,081	\$ 153,576	\$ 67,403	\$ 710,060
Consultants and contract staff	140,817	37,047	21,312	199,176	269,286	84,421	37,129	390,836
Outsourced services	19,884	39,768	6,628	66,280	20,931	41,863	6,977	69,771
Office and other general expenses	181,080	57,042	44,341	282,463	234,510	46,902	31,268	312,680
Travel	66,476	10,552	28,490	105,518	121,400	19,270	52,028	192,698
Insurance	257,250	26,050	-	283,300	177,003	23,032	-	200,035
Scholarships and grants	4,000	-	-	4,000	122,360	-	-	122,360
Chapter leadership awards	150	-	-	150	5,205	-	-	5,205
Professional fees								
Legal and accounting	-	9,750	-	9,750	-	9,750	-	9,750
Background checks	25,061	-	-	25,061	35,831	-	-	35,831
Volunteer training and development	9,624	-	-	9,624	-	-	-	-
Depreciation and amortization	-	26,435	-	26,435	-	27,641	-	27,641
	<u>-</u>	<u>26,435</u>	<u>-</u>	<u>26,435</u>	<u>-</u>	<u>27,641</u>	<u>-</u>	<u>27,641</u>
Total Expenses	\$ 1,217,562	\$ 341,872	\$ 178,255	\$ 1,737,689	\$ 1,475,607	\$ 406,455	\$ 194,805	\$ 2,076,867

See notes to financial statements

ACE Mentor Program of America, Inc.

Statements of Cash Flows

	Years Ended December 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 403,854	\$ (403,409)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	26,435	27,641
Capitalized contributed services	(65,000)	-
Changes in operating assets and liabilities		
Accounts receivable	(16,370)	6,820
Pledges and other receivable	(11,797)	284,791
Prepaid expenses	(22,960)	(11,299)
Accounts payable	(207,240)	17,842
Scholarships payable	(79,351)	101,863
Unearned income, chapters and affiliates	(67,997)	34,485
Net Cash from Operating Activities	(40,426)	58,734
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	678	(5,369)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts held for chapters and affiliates	(39)	42,244
Net Change in Cash and Cash Equivalents	(39,787)	95,609
CASH AND CASH EQUIVALENTS		
Beginning of year	112,267	16,658
End of year	\$ 72,480	\$ 112,267

See notes to financial statements

ACE Mentor Program of America, Inc.

Notes to Financial Statements
December 31, 2011 and 2010

1. Organization

ACE Mentor Program of America, Inc. (the "Organization" or "ACE") was established in 2002 to serve as the umbrella organization under which individual ACE chapters can be guided and coordinated. ACE stands for Architecture, Construction, and Engineering. The Organization's primary goal is to enlighten and motivate high school students toward careers in architecture, construction, and engineering. ACE operates primarily through its regional chapters and ACE affiliates throughout the United States. ACE affiliates provide mentoring opportunities for high school students in these fields of study and awards scholarships to college-bound students. The Organization is supported primarily by contributions from individuals, corporations and foundations.

ACE supports its chapters by providing training programs, community and corporate development opportunities and limited financial support. ACE's chapters, however, are separate legal entities, operating under the direction of their own boards of directors, and accordingly, are not included in these financial statements.

ACE is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as other than a private foundation. ACE provides for a group exemption number under which its chapters and affiliates operate and file reports annually.

2. Summary of Significant Accounting Policies

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

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets are classified as permanently restricted, temporarily restricted or unrestricted. The Organization has no permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include the allowance for doubtful accounts due from affiliates, pledge receivable discounts, and depreciation and amortization.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

ACE Mentor Program of America, Inc.

Notes to Financial Statements
December 31, 2011 and 2010

2. Summary of Significant Accounting Policies (continued)

Property, Equipment and Depreciation

ACE records purchased equipment in excess of \$1,000 at cost. Equipment is depreciated using the straight-line method over estimated lives of 3 to 7 years. Costs incurred during the application development stage in connection with website development costs are similarly capitalized and amortized on a straight-line basis over an estimated life of 3 years. Costs incurred to maintain the website are expensed as incurred.

Income from Chapters and Affiliates

ACE procures insurance for, and provides other support services to, its chapters and affiliates and bills the chapters and affiliates for these costs. Amounts billed to the chapters and affiliates are recognized as income over 12-months. Amounts billed to chapters and affiliates not yet earned are reflected as a liability in the statement of financial position.

Funds Held on Behalf of Chapters and Affiliates

ACE receives and holds certain funds which are intended for use by its chapters and affiliates. These amounts are considered agency funds and are reflected as a liability until released to the specified chapter or affiliate.

Contributions

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are due in future periods are considered to be temporarily restricted net assets and are reported at the present value of their net realizable value, using risk-adjusted interest rates applicable to the years in which the promises are to be received.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are received. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets according to the nature of the restrictions. When a purpose or time restriction is fulfilled or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services

Donated services are recognized as contributions if the services either, a) create or enhance non-financial assets, or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ACE.

ACE Mentor Program of America, Inc.

Notes to Financial Statements
December 31, 2011 and 2010

2. Summary of Significant Accounting Policies *(continued)*

Functional Expenses

The Organization allocates its expenses on a functional basis among its program, support and fundraising services. Expenses that can be specifically identified with a program, support or fundraising service are allocated directly, while expenses that are common to several functions are allocated based on estimates made by management.

Accounting for Uncertainty in Income Taxes

Management recognizes the effects of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examination by applicable taxing authorities for periods prior to 2008.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 22, 2012.

3. Concentrations of Risk

Cash Deposits

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and investments. At times, cash balances may be in excess of balances insured by the Federal Deposit Insurance Corporation. The Organization has not experience any losses in such accounts and management believes the Organization is not exposed to any significant credit risk.

4. Pledges Receivable

Pledges receivable are summarized as follows as of December 31, 2011:

Pledges receivable due in	
2012 and prior periods	\$ 613,500
2013	323,000
2014	265,000
2015	<u>85,000</u>
	1,286,500
Less unamortized discount on pledges receivable	<u>(34,364)</u>
Total pledges Receivable, net of discount	<u>\$ 1,252,136</u>

Pledges receivable in more than one year are discounted using discount rates ranging from 3% to 6%. Management believes that all pledges receivable are collectible in full, and accordingly, no allowance for doubtful accounts has been provided.

ACE Mentor Program of America, Inc.

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5. Property and Equipment

Property and equipment consists of the following as of December 31:

	<u>2011</u>	<u>2010</u>
Equipment and computers	\$ 87,904	\$ 100,391
Website development	<u>65,000</u>	<u>-</u>
	152,904	100,391
Less accumulated depreciation	<u>(61,425)</u>	<u>(46,799)</u>
	<u>\$ 91,479</u>	<u>\$ 53,592</u>

6. Scholarship Commitments

ACE awards scholarships to students enrolled in college level degree programs in the fields of Architecture, Construction and Engineering. Scholarships are generally payable annually for period of up to four years from date of award based on the continued eligibility of the awardees. As of December 31, 2011, ACE has obligations for scholarships payable as follows:

2012	\$ 132,600
2013	69,937
2014	33,500
2015	<u>1,250</u>
	<u>\$ 237,287</u>

7. Transactions with Chapters and Affiliates

ACE's program activities include the start-up of new chapters and affiliates, training, community and corporate development for established chapters and affiliates. ACE also procures insurance and mentor background checks for its chapters and affiliates. These costs are covered, in part, through charges to ACE's operating chapters and affiliates. However, chapters and affiliates in formation and operating their initial year of operations are not charged for these costs. Amounts billed to chapters and affiliates are recorded as income from affiliates in the accompanying financial statements.

ACE Mentor Program of America, Inc.

Notes to Financial Statements
December 31, 2011 and 2010

8. Temporarily Restricted Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time. Restrictions released were as follows:

	<u>2011</u>	<u>2010</u>
Passage of time	\$ 664,339	\$ 675,630
Satisfaction of restrictions	<u>64,568</u>	<u>41,248</u>
	<u>\$ 728,907</u>	<u>\$ 716,878</u>

Temporarily restricted net assets consist of the following at December 31:

	<u>2011</u>	<u>2010</u>
Available for use in future periods		
General use	\$ 1,286,500	\$ 1,266,500
Discounts to present value	<u>(34,364)</u>	<u>(46,161)</u>
Total Temporarily Restricted Net Assets	<u>\$ 1,252,136</u>	<u>\$ 1,220,339</u>

9. In-kind Contributions

During the year ACE received contributed professional services which qualify for recognition under accounting principles generally accepted in the United States of America. The value of all in-kind contributions included in the financial statements as contributions and corresponding expenses and capitalized asset for the year ended December 31, 2011 are as follows:

Website development (capitalized)	\$ 65,000
Professional services (expensed)	<u>88,400</u>
	<u>\$ 153,400</u>
