THE ACE PROJECT, INC.
dba THE ACTIVE CHILDREN EXCEL PROJECT, INC.

WESTMONT, ILLINOIS

ANNUAL FINANCIAL REPORT

December 31, 2020

THE ACE PROJECT, INC.

Table of Contents

Brian Zabel & ASSOCIATES P.C.
CERTIFIED PUBLIC ACCOUNTANTS
1040 West Route 6 • Morris, IL 60450
Phone: (815) 941-9833 Fax: (815) 941-9835

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The ACE Project, Inc.
Westmont, Illinois

We have audited the accompanying financial statements of The ACE Project, Inc. (an Illinois nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The ACE Project, Inc. as of December 31, 2020, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The schedule of functional expenses on page 12 are presented for purposes of additional analysis and is not a required part of the 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 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.

Effect of New Accounting Standard

As discussed in Note 5, the Organization adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) for the year ended December 31, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Brian Zabel & Assoc. P.C.

BRIAN ZABEL & ASSOCIATES, P.C.
Certified Public Accountants

Morris, Illinois
February 8, 2021

THE ACE PROJECT, INC.

Statement of Financial Position

December 31, 2020

ASSETS		2020
Current Assets		
Cash and Cash Equivalents	$	75,565
Accounts Receivable		12,142
Other Receivable		-
Prepaid Expenses		-
Total Current Assets		87,707
Total Assets	$	87,707
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	$	3,507
Deferred Revenue		-
Total Liabilities		3,507
Net Assets		
Without Donor Restrictions:		
Undesignated		84,200
Board Designated		-
With Donor Restrictions		-
Total Net Assets		84,200
Total Liabilities and Net Assets	$	87,707

The accompanying notes are an integral part of these statements.

THE ACE PROJECT, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2020

	2020			
	Without Donor Restrictions			
	Undesignated	Board Designated	With Donor Restrictions	Total
Revenues:				
Grants	$ 173,594	$ -	$ -	$ 173,594
Donations	39,013	-	-	39,013
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	13,794	-	(13,794)	-
Total Revenue	226,401	-	(13,794)	212,607
Expenses:				
Program Services	159,313	-	-	159,313
Management and General	18,505	-	-	18,505
Fundraising	32,500	-	-	32,500
Total Expenses	210,318	-	-	210,318
Change in Net Assets	16,083	-	(13,794)	2,289
Net Assets, Beginning of the Year	68,117	-	13,794	81,911
Net Assets, End of the Year	$ 84,200	$ -	$ -	$ 84,200

The accompanying notes are an integral part of these statements.

THE ACE PROJECT, INC.

Statement of Cash Flows

For the Year Ended December 31, 2020

		2020
Cash Flows from Operating Activities		
Increase in Net Assets	$	2,289
Adjustments to Reconcile Change in Net Assets Provided by Operating Activities:		
Loss on Sale of Asset		-
Changes in Assets and Liabilities		
Decrease (Increase) in Accounts Receivable		(357)
Decrease (Increase) in Other Receivable		-
Decrease (Increase) in Prepaid Expenses		-
Increase (Decrease) in Accounts Payable		3,507
Increase (Decrease) in Deferred Revenue		-
Net Cash Provided by Operating Activities		5,439
Net Increase (Decrease) in Cash		5,439
Cash, Beginning of the Year		70,126
Cash, End of the Year	$	75,565

The accompanying notes are an integral part of these statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The ACE Project, Inc. is an Illinois, not-for-profit corporation formed on February 25, 2013 to provide free after school programming and youth development opportunities in partnership with under-resourced school districts, park districts, and other community-based organizations.

Basis of Accounting

The financial statements of The ACE Project, Inc. (the Organization) have been prepared in conformity with the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Under the accrual basis, revenues are recognized when they are earned and become measurable, and expenses are recorded when incurred.

New Accounting Pronouncement

For the year ended December 31, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This standard creates a single framework for recognizing revenue from contracts with customers and donors that fall within the scope of the standard.

All of the Organization's revenue from contracts with donors in the scope of Topic 606 is recognized within contributions in the Statement of Activities and Changes in Net Assets. The Organization records contributions as revenue upon receipt of cash or unconditional pledges. It is not typical for contracts to require significant judgment to determine the revenue from contracts with donors. The Organization adopted Topic 606 using the full retrospective method applied to all contracts not completed as of January 1, 2018. Results for reporting periods beginning after adoption are presented under Topic 606. The adoption of this standard did not have a material impact on the measurement, timing, or recognition of revenue. Accordingly, no cumulative effect adjustment to opening net assets was deemed necessary.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement (Continued)

For the year ended December 31, 2019, the Organization also adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The new standard clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. Adoption of this standard had no effect on change in net assets or net assets in total.

Basis of Presentation

The ACE Project, Inc. financial statements have been prepared on the accrual basis and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions are net assets that are currently available for operating purpose under the direction of the board or designated by the board for specific use.

Net assets with donor restrictions are net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for specified term with investment return available for operations or specific purposes.

Cash and Cash Equivalents

Cash equivalents consist of bank deposits in federally insured accounts and money market accounts. For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments, if any, purchased with an original maturity of three months or less to be cash equivalents.

Expenditures

Expenditures for maintenance, repairs, and renewals of minor items are charged to earnings as incurred. Major renewals and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donations

The Organization recognizes contributions and donations when cash, securities, or other assets: an unconditional promise to give or a notification of a beneficial interest is received. Donors include foundations, corporations and other businesses, and individuals. During the years ended December 31, 2020, the Organizations did not receive any conditional promises to give.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect (1) reported amounts of assets and liabilities, including the disclosure of contingent assets and liabilities at the financial statement date and (2) reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2020, reduced by donor-imposed restrictions, resulting in net financial assets of $87,707, all of which are available to meet general expenditures within one year of the financial statement date.

	2020
Cash and cash equivalents	$ 75,565
Accounts Receivable	12,142
Financial Assets at year end	87,707
Less: Donor-imposed restrictions	-
Financial assets available to meet cash needs for general expenditures within one year	$ 87,707

NOTE 3. TAX STATUS

Management evaluates all significant income tax positions that it takes. For the year ended December 31, 2020, management does not believe that it has taken any tax positions that would require the recording of any tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. No interest or penalties have been accrued or charged to expenses as of December 31, 2020.

The Organization is considered exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code except for unrelated business income. The annual information returns for the Organization are subject to examination by taxing authorities for a period of three years from the date they are filed.

The federal tax returns of the Organization for the year ended December 31, 2020, December 31, 2019, and December 31, 2018, are subject to examination by the taxing authority, generally for a period of three years from the date the tax returns were filed.

NOTE 4. NET ASSETS

With Donor Restrictions
At December 31, 2020, there were no donor restricted net assets.

Board Designated
As of December 31, 2020, there were no board designated net assets.

NOTE 5. FUNCTIONAL ALLOCATION OF EXPENSES

The Organization operates programs that provide free after school programming and youth development opportunities in partnership with under-resourced school districts and park districts.

Expenses are primarily allocated by function based on the time spent by each person at the respective function.

NOTE 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Organization's revenue from contracts in the scope of Topic 606 is recognized within revenue on the financial statements. The following table reflects only the categories of income that are within the scope of Topic 606:

	December 31, 2020
Donations and grants	$ 212,607
	$ 212,607

NOTE 7. SUBSEQUENT EVENTS

Subsequent events were evaluated through February 8, 2021, which is the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Organization could be materially adversely affected. The extent to which the coronavirus (or any other disease or epidemic) impacts business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

THE ACE PROJECT, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2020

	2020			
		Supporting Services		
	Program Services	Management & General	Fundraising	Total
Coaches	$ 118,227	-	$ -	$ 118,227
Officers' Compensation	13,794	6,201	32,500	52,495
Supplies & Equipment	13,479	109	-	13,588
Program Events	4,807	-	-	4,807
Uniforms	3,134	-	-	3,134
Training for Coaches	2,898	-	-	2,898
Program Food	1,350	-	-	1,350
Miscellaneous	834	644	-	1,478
Scholarships	790	-	-	790
IT Fees	-	2,853	-	2,853
Insurance	-	2,582	-	2,582
Professional Services	-	2,725	-	2,725
Marketing	-	1,576	-	1,576
Meetings	-	1,117	-	1,117
Taxes	-	460	-	460
Travel	-	238	-	238
TOTAL EXPENSES	159,313	18,505	32,500	210,318