

Financial Statements

Hook Spit Junior Anglers, Inc.

Fiscal Year to Date September 30, 2018

Reviewed by

Tom Crews CPA PLLC

Prepared on

November 1, 2018

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TOM CREWS

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Hook Spit Junior Anglers Inc.
DBA: Hook Spit Junior Anglers Association
1247 Butler Road
League City, TX 77573

I (We) have reviewed the accompanying financial statements of Hook Spit Junior Anglers Inc. (a Texas nonprofit Corporation), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I (we) do not express such an 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.

Accountant's Responsibility

My (Our) responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me (us) to perform procedures to obtain limited assurance as a basis for reporting whether I am (we are) aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) conclusion.

Accountant's Conclusion

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Tom Crews, CPA PLLC
League City, Texas
November 1, 2018

Hook Spit Junior Anglers, Inc

Statement of Financial Position

Fiscal Year to Date September 30, 2018

Assets

Cash and Cash Equivalents	\$ (1,721)
Pledges Receivable	-
Other Current Assets	4,134

Total Assets	<u><u>\$ 2,413</u></u>
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Liabilities and Net Assets

Total Liabilities	-
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Net Assets

Without Donor restrictions	
Undesignated	2,413
Board Designated	-
Total Unrestricted	<u><u>2,413</u></u>

With Donor Restrictions	-
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Total Net Assets	<u><u>2,413</u></u>
Total Liabilities and Net Assets	<u><u>2,413</u></u>

Hook Spit Junior Anglers, Inc

Statement of Activities

Fiscal Year to Date September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contribution, Gifts, Grants	59,657	-	59,657
Camp Entry Fees	20,350	-	20,350
Tournament Entry Fees	18,639	-	18,639
Special Events			
Gala & Silent Action	-	-	-
Less: Benefits to Attendees	-18,822	-	-18,822
Total Raffle Tickets	<u>\$ (18,822)</u>	<u>\$ -</u>	<u>\$ (18,822)</u>
Total Special Events Revenue	<u>\$ (18,822)</u>	<u>-</u>	<u>\$ (18,822)</u>
Total Revenue, Support, and Gains	<u>\$ 79,824</u>	<u>-</u>	<u>\$ 79,824</u>
Expenditures			
Scholarships	37,950	-	37,950
Advertising	7,430	-	7,430
Bank Charges	1,668	-	1,668
Office Expense	4,733	-	4,733
Dues & Subscriptions	588	-	588
Insurance	4,068	-	4,068
Outside Services	6,114	-	6,114
Lodgings & Meals	17,147	-	17,147
Awards, Supplies & Gear	33,424	-	33,424
Rent or Lease	4,555	-	
Total Expenditures	<u>117,677</u>	<u>-</u>	<u>117,677</u>
Change in Net Assets	<u>\$ (37,853)</u>	<u>\$ -</u>	<u>\$ (37,853)</u>
Net Assets Beginning of the Year	<u>\$ 40,266</u>	<u>-</u>	<u>\$ 40,266</u>
Net Assets End of Year	<u>\$ 2,413</u>	<u>-</u>	<u>\$ 2,413</u>

No Assurance is Provided

See independent accountants' review report

Hook Spit Junior Anglers, Inc
Statement of Functional Expenses
Fiscal Year to Date September 30, 2018

	Program Services		Management and General	Fundraising and Development	Total
	Tournament Scholarships	Camp			
Scholarships	37,950	-	37,950	-	37,950
Advertising	-	-	-	7,430	7,430
Bank Charges	819	819	1,638	-	1,668
Office Expense	-	-	-	4,733	4,733
Gala Fundraising	-	-	-	18,822	18,822
Dues & Subscriptions	-	-	-	588	588
Insurance	-	4,068	4,068	-	4,068
Outside Services	2,044	420	2,464	-	6,114
Lodgings & Meals	-	17,147	17,147	-	17,147
Awards, Supplies & Gear	7,571	25,853	33,424	-	33,424
Rent or Lease	600	3,955	4,555	-	4,555
Total expenses by function	48,984	52,262	101,246	5,351	136,499
Less expenses included with revenues on the statement of activities	-	-	-	-	-
Cost of direct benefits to donors	-	-	-	(18,822)	(18,822)
Total expenses included in the expense section on the statement of activities	<u>\$ 48,984</u>	<u>\$ 52,262</u>	<u>\$ 101,246</u>	<u>\$ 5,351</u>	<u>\$ 117,677</u>

Hook Spit Junior Anglers, Inc
Statement of Cash Flows
Fiscal Year to Date September 30, 2018

	<u>Total</u>
OPERATING ACTIVITIES	
Net Revenue	-37,853
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
Inventory	0
Pledges/donations Receivable	<u>9,419</u>
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	<u>9,419</u>
Net cash provided by operating activities	<u>-28,434</u>
Net cash increase for period	-28,434
Cash at beginning of period	<u>26,713</u>
Cash at end of period	-1,721

Principal Activity and Significant Accounting Policies

Organization

Hook Spit Junior Angler Association (HSJAA) is a 501c3 non-profit organization formed to promote health and education through the sport of fishing. HSJAA provides student anglers of all ages the opportunity to compete for Scholarship money competitively in saltwater fishing tournaments up and down the Texas Gulf Coast. In addition to fishing tournaments HSJAA also holds fishing camps, seminars, and family fishing events throughout the year. Our mission is to introduce our youth to the sport of saltwater fishing and all that the great outdoors has to offer.

Tournaments and Camps

Hook Spit Junior Angler Association puts on multiple fishing tournaments throughout the year for student anglers to compete for cash to be used toward scholarships. The scholarship monies are paid out by age, bait, and guided or non-guided divisions. There are two age divisions for each tournament: Youth Division for anglers 12 and under, and the Junior Division for anglers 13 to 17 years old attending grade school (some of our tournaments are structured to include anglers 18 years of age, as long as they attended grade school in the same year the tournament is being held). There are two bait divisions: Open Bait (anglers can fish with live, dead or artificial baits) and Artificial Only (anglers may only fish with manmade artificial lure). The Guided and Non-Guided Divisions are just that, hired guides or persons captaining the boat that are not hired fishing guides. Each tournament payout is structured differently depending on the format. The chart below is an example of the most common tournament payout HSJAA holds based on the criteria above:

Total Payout	500.00		500.00		2,500.00		2,000.00		1,000.00		1,000.00	
	Junior Open Bait Division	Youth Open Bait Division	Junior Nonguided Artificial Division	Youth Nonguided Artificial Division	Junior Guided Artificial Division	Youth Guided Artificial Division	Junior Guided Artificial Division	Youth Guided Artificial Division	Junior Guided Artificial Division	Youth Guided Artificial Division	Junior Guided Artificial Division	Youth Guided Artificial Division
1st Place (50%)	\$ 250.00	\$ 250.00	\$ 1,250.00	\$ 1,000.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
2nd Place (20%)	\$ 100.00	\$ 100.00	\$ 500.00	\$ 400.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
3rd Place (15%)	\$ 75.00	\$ 75.00	\$ 375.00	\$ 300.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
4th Place (10%)	\$ 50.00	\$ 50.00	\$ 250.00	\$ 200.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
5th Place (5%)	\$ 25.00	\$ 25.00	\$ 125.00	\$ 100.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00

Depending on the tournament format and available prize donations, HSJAA will open prize payouts for biggest fish in each division of a tournament. HSJAA also invites the top two winners of the non-guided junior artificial division for the (3) Galveston and (3) Corpus Christi Redfish Round-Up fishing tournaments to compete with a team of pro anglers from The Rudy's Pro Redfish Series in a televised tournament event where student anglers are paired with a Pro-Team and compete for scholarship monies and prizes.

HSJAA also host (3) Fishing Camps annually in three locations on The Texas Gulf Coast including Galveston, Matagorda, and Corpus Christi. The Galveston Camp is a day camp and the Matagorda and Corpus Christi Camps are overnight week-long camps. These camps are open to anglers ages 12 to 17 attending grade school. The camp is structured so that the anglers fish every morning with a professional

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guide and return in the afternoon to learn different techniques such as lure retrieval, line tying, reel maintenance, casting, boater's safety, boating etiquette, and more. In addition to fishing and learning, each camper receives a custom fishing jersey, two rod and reel combos, tackle and tackle bags to keep.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building project, permanent endowment, or other long-term purposes are excluded from this definition.

Promises to Give

We record unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Property and Equipment

We record property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended April 30, 2018.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

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Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and board-designated endowment.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or our actions and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by our Board of Directors.

We report contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by our actions. The restrictions stipulate that resources be maintained permanently but permit us to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received (Note 11).

Advertising Costs

Advertising costs are expensed as incurred and approximated \$7,430.

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Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited

Income Taxes

HSJA Inc. is organized as **Texas** nonprofit corporation and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualify for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under Sections 509(a)(1) and (3), respectively. APM Outreach Inc. is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the entity is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

We believe that the entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. We would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The entities' Forms 990, 990-T and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2013.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

Subsequent Events

We have evaluated subsequent events through October 22, 2017, the date the financial statements were available to be issued.

Fair Value Measurements and Disclosures

We report certain assets and liabilities at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

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Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of our inventory assets are classified within Level 2.