

**ENTERPRISE FOR HIGH SCHOOL STUDENTS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2016**

**ENTERPRISE FOR HIGH SCHOOL STUDENTS**  
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**December 31, 2016**

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A Division of SingerLewak

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Enterprise for High School Students

### Report on the Financial Statements

We have audited the accompanying financial statements of Enterprise for High School Students (the Organization), which comprise the statement of financial position as of December 31, 2016, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 Organization'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 Organization'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 statement referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016, 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 Summarized Comparative Information**

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*SingerLewak. LLP*

May 12, 2017

**ENTERPRISE FOR HIGH SCHOOL STUDENTS**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2016**  
(With Summarized Financial Information at December 31, 2015)

	2016	2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 543,998	\$ 500,702
Investments	104,718	349,151
Grants and contributions receivable	112,800	-
Contracts and other receivables	187,276	65,354
Prepaid expenses	33,300	34,752
Total current assets	982,092	949,959
<b>Noncurrent assets</b>		
Equipment and improvements, net	97,358	132,396
Deposits	15,530	15,530
Total noncurrent assets	112,888	147,926
 Total assets	<b>\$ 1,094,980</b>	<b>\$ 1,097,885</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 134,191	\$ 129,380
Accrued expenses	30,486	30,513
Deferred rent, current portion	7,895	2,631
Total current liabilities	172,572	162,524
<b>Long-term liabilities</b>		
Deferred rent, net of current portion	5,263	13,158
Total long-term liabilities	5,263	13,158
Total liabilities	177,835	175,682
<b>Net assets</b>		
Unrestricted	727,723	660,854
Temporarily restricted	189,422	261,349
Total net assets	917,145	922,203
 Total liabilities and net assets	<b>\$ 1,094,980</b>	<b>\$ 1,097,885</b>

The accompanying notes are an integral part of these financial statements.

# ENTERPRISE FOR HIGH SCHOOL STUDENTS

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
<b>Revenue and support</b>				
Fundraising events income, including contributions of \$394,090	\$ 1,763,098	\$ -	\$ 1,763,098	\$ 1,708,668
Fundraising events direct expenses	<u>(1,191,797)</u>	<u>-</u>	<u>(1,191,797)</u>	<u>(1,134,383)</u>
Fundraising events, net	571,301	-	571,301	574,285
Contracts and fees for service	454,523	-	454,523	421,105
Grants and contributions	424,270	-	424,270	448,589
In-kind donations	2,950	-	2,950	2,900
Investment income	7,078	-	7,078	5,112
Miscellaneous income	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>93</u>
	1,460,120	-	1,460,120	1,452,084
Net assets released from restrictions	<u>71,927</u>	<u>(71,927)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,532,047</u>	<u>(71,927)</u>	<u>1,460,120</u>	<u>1,452,084</u>
<b>EXPENSES</b>				
Program services				
Student employment opportunities	483,001	-	483,001	401,703
Training and counseling	656,373	-	656,373	624,926
Supporting services				
Fundraising	266,973	-	266,973	286,789
Management and general	<u>58,831</u>	<u>-</u>	<u>58,831</u>	<u>112,913</u>
Total expenses	<u>1,465,178</u>	<u>-</u>	<u>1,465,178</u>	<u>1,426,331</u>
<b>Change in net assets</b>	66,869	(71,927)	(5,058)	25,753
<b>Net assets, beginning of year</b>	<u>660,854</u>	<u>261,349</u>	<u>922,203</u>	<u>896,450</u>
<b>Net assets, end of year</b>	<u>\$ 727,723</u>	<u>\$ 189,422</u>	<u>\$ 917,145</u>	<u>\$ 922,203</u>

The accompanying notes are an integral part of these financial statements.

**ENTERPRISE FOR HIGH SCHOOL STUDENTS**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)

	Program Services			Fundraising			Management and General	Total 2016	Total 2015
	Student Employment Opportunities	Training and Counseling	Total	Events Indirect Expenses	Other Activities	Total			
Salaries	\$ 274,982	\$ 391,321	\$ 666,303	\$ 92,510	\$ 65,163	\$ 157,673	\$ 30,704	\$ 854,680	\$ 749,931
Employee benefits	23,501	38,094	61,595	8,988	6,030	15,018	12,161	88,774	65,375
Payroll taxes	24,862	32,528	57,390	7,738	5,476	13,214	2,609	73,213	69,041
Total personnel costs	323,345	461,943	785,288	109,236	76,669	185,905	45,474	1,016,667	884,347
Rent	52,100	95,829	147,929	24,488	16,300	40,788	781	189,498	194,070
Student stipends	63,924	25,740	89,664	98	-	98	25	89,787	86,986
Depreciation	12,188	24,443	36,631	5,814	3,869	9,683	1,472	47,786	45,852
Supplies	5,337	6,974	12,311	899	1,025	1,924	12,021	26,256	21,318
Telephone and technology	2,164	1,587	3,751	58	4,144	4,202	12,107	20,060	17,525
Insurance	-	-	-	50	-	50	15,583	15,633	13,734
Meetings and hospitality	3,694	3,467	7,161	1,543	1,269	2,812	4,659	14,632	13,802
Professional fees	-	-	-	-	-	-	14,480	14,480	117,620
Conferences and training	615	2,174	2,789	-	1,389	1,389	3,098	7,276	6,593
Printing and copying	145	1,803	1,948	1,762	1,523	3,285	1,407	6,640	11,045
Travel	2,231	2,675	4,906	217	240	457	478	5,841	4,957
Postage and delivery	137	112	249	300	2,475	2,775	809	3,833	3,120
Scholarships awarded	2,000	-	2,000	-	-	-	-	2,000	2,000
Bad debt expense	-	-	-	1,532	-	1,532	-	1,532	-
Miscellaneous expense	1,393	2,109	3,502	125	55	180	(2,230)	1,452	251
Credit card fees	-	-	-	719	274	993	69	1,062	1,667
Bank charges	8	-	8	-	-	-	615	623	650
Repairs and maintenance	-	-	-	-	-	-	120	120	794
Shared cost allocation	13,720	27,517	41,237	6,545	4,355	10,900	(52,137)	-	-
Total expenses	<b>\$ 483,001</b>	<b>\$ 656,373</b>	<b>\$ 1,139,374</b>	<b>\$ 153,386</b>	<b>\$ 113,587</b>	<b>\$ 266,973</b>	<b>\$ 58,831</b>	<b>\$ 1,465,178</b>	<b>\$ 1,426,331</b>

The accompanying notes are an integral part of these financial statements.

# ENTERPRISE FOR HIGH SCHOOL STUDENTS

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)

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	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (5,058)	\$ 25,753
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	47,786	45,852
Amortization of deferred rent	(2,631)	2,631
Realized gain on investments	(142)	-
Unrealized (gain) loss on investments	(2,139)	3,595
Changes in operating assets and liabilities		
Grants and contributions receivable	(112,800)	85,761
Contracts and other receivables	(121,922)	37,992
Prepaid expenses	1,452	(2,004)
Accounts payable	4,811	(13,443)
Accrued expenses	(27)	(22,502)
Net cash provided (used) by operating activities	<u>(190,670)</u>	<u>163,635</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment	(12,748)	(16,414)
Proceeds from sale of investments	250,000	-
Purchase of investments	<u>(3,286)</u>	<u>(3,009)</u>
Net cash provided by (used in) investing activities	<u>233,966</u>	<u>(19,423)</u>
<b>Net change in cash and cash equivalents</b>	43,296	144,212
<b>Cash and cash equivalents, beginning of year</b>	<u>500,702</u>	<u>356,490</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 543,998</u></u>	<u><u>\$ 500,702</u></u>

The accompanying notes are an integral part of these financial statements.



# ENTERPRISE FOR HIGH SCHOOL STUDENTS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### NOTE 1 – NATURE OF ACTIVITIES

Enterprise for High School Students (the Organization) is a California non-profit corporation. The mission of the Organization is to increase student preparedness to explore and pursue career paths through training, counseling and guidance; to offer a variety of experiential options with the work world; and to provide a support network to raise youth's personal expectations for success. Located in San Francisco, California, the Organization is funded through its annual event, the San Francisco Fall Antiques Show, as well as individual contributions and corporate, foundation and government grants.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP), which reflects revenues when earned and expenses as incurred.

#### Basis of Presentation

U.S. GAAP requires that the Organization report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2016, the Organization has no permanently restricted net assets.

#### Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with a maturity of three months or less at the purchase date to be cash equivalents.

#### Grants Receivable

Grants receivable have been reviewed by management and it has been determined that there is no requirement for an allowance for doubtful accounts as of December 31, 2016, as the receivables relate primarily to foundation agencies and corporations.

# ENTERPRISE FOR HIGH SCHOOL STUDENTS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

#### Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

#### Equipment and Improvements

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method, primarily five years for equipment and software and the length of the remaining lease term for leasehold improvements.

#### Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services based on specific identification, facility usage, and estimated proportion of staff time expended on various activities.

#### Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

#### Donated Goods

The financial statements reflect a total of \$126,857 in donated goods and services for contributed advertising, supplies and services for fundraising events and \$2,950 in donated gift cards to provide clothing and incentives to students, which are included in fundraising events income and in-kind donations, respectively, in the Statement of Activities.

# ENTERPRISE FOR HIGH SCHOOL STUDENTS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Comparative Financial Information

The financial statements include certain 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was obtained.

#### Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management continuously evaluates tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

#### Recent Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within years beginning after December 15, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Organization for years beginning after December 15, 2018. The Organization elected to early adopt the amendment that no longer requires disclosure of the fair value of financial instruments that are not measured at fair value and as such, these disclosures are not included herein.

# ENTERPRISE FOR HIGH SCHOOL STUDENTS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recent Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for years beginning after December 15, 2019, including interim periods within those years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of pending adoption of the new standard on the financial statements. The Organization currently expects that upon adoption of ASU 2016-02, right-of-use assets and lease liabilities will be recognized in the balance sheet in amounts that will be material.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

### NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at one financial institution. For the year ended December 31, 2015, accounts are insured up to \$250,000. At December 31, 2016, the Organization's uninsured cash balances total \$363,349. The Organization does not believe that it is exposed to any significant risk in connection with these cash balances.

# ENTERPRISE FOR HIGH SCHOOL STUDENTS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### NOTE 4 - INVESTMENTS

Level 1 investments:

Dodge and Cox Income Fund	\$ <u>104,718</u>
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U.S. GAAP expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in an appropriate market. Each fair value measurement is reported in one of the three levels which are determined by the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 inputs – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 inputs – Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets; or obtained from third party pricing services for identical or similar assets or liabilities. The Organization had no level 2 inputs.

Level 3 inputs – Fair value measurements based on valuation techniques that use significant inputs that are unobservable. These measurements include circumstances in which there is little, if any, market activity for the asset or liability. The Organization had no level 3 inputs.

Investment Income for the year ended December 31, 2016 was as follows:

Dividends	\$ 3,189
Unrealized gains	2,139
Realized gains	<u>142</u>
Subtotal	5,470
Interest income from CD and bank accounts	<u>1,608</u>
Total	<u>\$ 7,078</u>

# ENTERPRISE FOR HIGH SCHOOL STUDENTS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### NOTE 5 – EQUIPMENT AND IMPROVEMENTS

Furniture and equipment	\$ 125,414
Leasehold improvements	100,361
Job Bank software	<u>46,165</u>
	271,940
Less: accumulated depreciation	<u>(174,582)</u>
Net	<b>\$ <u>97,358</u></b>

### NOTE 6 – LINE OF CREDIT

The Organization has a revolving line of credit with First Republic Bank which provides for borrowings up to \$125,000 and is secured generally by all assets of the Organization. The interest rate is the greater of prime rate rounded up to the nearest 0.125% or 3.25%, payable monthly. The line of credit expires July 31, 2017 and contains various general covenants. There was no activity on the line of credit during 2016 and no outstanding balance as of December 31, 2016.

### NOTE 7 – DAVID RAWSON MEMORIAL FUND

The David Rawson Memorial Fund was established in October 2007 to support annual scholarships to be awarded to graduating high school seniors who participated in the Junior Caddie Program of the Organization. During the year ended December 31, 2016, \$2,000 of scholarships were awarded, and are included in student employment opportunities expenses in the Statement of Activities.

### NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

This Way Ahead Program	\$ 106,909
David Rawson Memorial Fund	<u>82,513</u>
Total	<b>\$ <u>189,422</u></b>

# ENTERPRISE FOR HIGH SCHOOL STUDENTS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### NOTE 9 – LEASE COMMITMENTS

The Organization leases its office under a non-cancelable operating lease, providing for initial monthly lease payments of \$14,912 beginning in July 2013 with scheduled annual increases through its expiration in June 30, 2018. At the end of the initial term, the lease contains an option to extend the term for three years through June 30, 2021.

Future minimum lease payments under this lease are as follows:

<u>Years Ended December 31.</u>	
2017	\$ 197,363
2018	<u>99,997</u>
Total	<b><u>\$ 297,360</u></b>

### NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 12, 2017, the date which the financial statements were available to be issued, and determined that no reportable events occurred.