ENTERPRISE FOR YOUTH

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

ENTERPRISE FOR YOUTH
CONTENTS
December 31, 2017

Good&Fowler

A Division of SingerLewak

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Enterprise for Youth

Report on the Financial Statements

We have audited the accompanying financial statements of Enterprise for Youth (the "Organization"), which comprise the statement of financial position as of December 31, 2017, 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.

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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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Singer Lewak LLP

June 29, 2018

ENTERPRISE FOR YOUTH

STATEMENT OF FINANCIAL POSITION

December 31, 2017

(Comparative Information at December 31, 2016)

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 480,740	$ 543,998
Investments	284,284	104,718
Grants and contributions receivable	17,763	112,800
Contracts and other receivables	289,438	187,276
Prepaid expenses	34,278	33,300
Total current assets	1,106,503	982,092
Noncurrent assets		
Equipment and improvements, net	60,420	97,358
Deposits	15,530	15,530
Total noncurrent assets	75,950	112,888
Total assets	**$ 1,182,453**	**$ 1,094,980**
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 125,719	$ 134,191
Accrued expenses	67,486	30,486
Deferred rent, current portion	5,263	7,895
Total current liabilities	198,468	172,572
Long-term liabilities		
Deferred rent, net of current portion	-	5,263
Total long-term liabilities	-	5,263
Total liabilities	198,468	177,835
Net assets		
Unrestricted	827,694	727,723
Temporarily restricted	156,291	189,422
Total net assets	983,985	917,145
Total liabilities and net assets	**$ 1,182,453**	**$ 1,094,980**

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

ENTERPRISE FOR YOUTH
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2017
(Summarized Comparative Information for the Year Ended December 31, 2016)

	Unrestricted	Temporarily Restricted	Total 2017	Total 2016
Revenue and support				
Fundraising events income,				
including contributions of $421,300	$ 2,098,032	$ -	$ 2,098,032	$ 1,763,098
Fundraising events direct expenses	(1,350,987)	-	(1,350,987)	(1,191,797)
Fundraising events, net	747,045	-	747,045	571,301
Contracts and fees for service	599,963	-	599,963	454,523
Grants and contributions	371,649	50,850	422,499	424,270
In-kind donations	-	-	-	2,950
Investment income	4,767	-	4,767	7,078
Miscellaneous income	3,264	-	3,264	(2)
	1,726,688	50,850	1,777,538	1,460,120
Net assets released from restrictions	83,981	(83,981)	-	-
Total revenue and support	1,810,669	(33,131)	1,777,538	1,460,120
Expenses				
Program services				
Student training and employment opportunities	1,233,385	-	1,233,385	1,139,374
Supporting services				
Fundraising	380,279	-	380,279	266,973
Management and general	97,034	-	97,034	58,831
Total expenses	1,710,698	-	1,710,698	1,465,178
Change in net assets	99,971	(33,131)	66,840	(5,058)
Net assets, beginning of year	727,723	189,422	917,145	922,203
Net assets, end of year	**$ 827,694**	**$ 156,291**	**$ 983,985**	**$ 917,145**

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

ENTERPRISE FOR YOUTH

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

(Summarized Comparative Information for the Year Ended December 31, 2016)

	Program Services		Fundraising					
	Student Training & Employment Opportunities	Total	Events Indirect Expenses	Other Activities	Total	Management and General	Total 2017	Total 2016
Salaries	$ 677,985	$ 677,985	$ 103,987	$ 120,599	$ 224,586	$ 50,344	$ 952,915	$ 854,680
Employee benefits	67,548	67,548	15,242	18,250	33,492	13,219	114,259	88,774
Payroll taxes	57,756	57,756	8,535	9,868	18,403	4,212	80,371	73,213
Total personnel costs	803,289	803,289	127,764	148,717	276,481	67,775	1,147,545	1,016,667
Rent	151,844	151,844	20,032	20,614	40,646	4,440	196,930	189,498
Student stipends	136,169	136,169	1,429	-	1,429	-	137,598	89,841
Depreciation	37,174	37,174	5,138	5,062	10,200	1,648	49,022	47,786
Telephone and technology	4,536	4,536	303	2,508	2,811	29,768	37,115	20,060
Professional fees	35	35	474	550	1,024	30,366	31,425	14,480
Supplies	8,804	8,804	6,237	80	6,317	15,426	30,547	26,204
Meetings and hospitality	5,857	5,857	-	630	630	7,171	13,658	14,632
Insurance	-	-	-	-	-	12,016	12,016	15,633
Miscellaneous expense	-	-	-	115	115	11,657	11,772	822
Printing and copying	1,808	1,808	1,018	6,775	7,793	1,575	11,176	6,640
Conferences and training	1,201	1,201	-	4,500	4,500	5,160	10,861	7,276
Travel	2,014	2,014	339	121	460	796	3,270	5,842
Postage and delivery	-	-	1,872	3,634	5,506	1,316	6,822	3,833
Scholarships awarded	4,000	4,000	-	-	-	-	4,000	2,000
Credit card fees	-	-	755	1,128	1,883	-	1,883	1,689
Bank charges	-	-	10	-	10	1,554	1,564	623
Repairs and maintenance	-	-	-	-	-	3,494	3,494	120
Bad debt expense	-	-	-	-	-	-	-	1,532
Shared cost allocation	76,654	76,654	10,154	10,320	20,474	(97,128)	-	-
Total expenses	**$ 1,233,385**	**$ 1,233,385**	**$ 175,525**	**$ 204,754**	**$ 380,279**	**$ 97,034**	**$ 1,710,698**	**$ 1,465,178**

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

ENTERPRISE FOR YOUTH

STATEMENT OF CASH FLOWS

Year Ended December 31, 2017

(Summarized Comparative Information for the Year Ended December 31, 2016)

	2017	2016
Cash flows from operating activities		
Change in net assets	$ 66,840	$ (5,058)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	49,022	47,786
Amortization of deferred rent	(7,895)	(2,631)
Realized gain on investments	(290)	(142)
Unrealized (gain) loss on investments	(1,200)	(2,139)
Changes in operating assets and liabilities		
Grants and contributions receivable	95,037	(112,800)
Contracts and other receivables	(102,162)	(121,922)
Prepaid expenses	(978)	1,452
Accounts payable	(8,472)	4,811
Accrued expenses	37,000	(27)
Net cash provided (used) by operating activities	126,902	(190,670)
Cash flows from investing activities		
Purchase of equipment	(12,084)	(12,748)
Proceeds from sale of investments	-	250,000
Purchase of investments	(178,076)	(3,286)
Net cash provided by (used in) investing activities	(190,160)	233,966
Net change in cash and cash equivalents	(63,258)	43,296
Cash and cash equivalents, beginning of year	543,998	500,702
Cash and cash equivalents, end of year	**$ 480,740**	**$ 543,998**

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

NOTE 1 – NATURE OF ACTIVITIES

Enterprise for Youth (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.

The Organization changed its name from Enterprise for High School Students to Enterprise for Youth, effective May 2017. The new name reflects a more inclusive mission to include support for students beyond high school.

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, 2017, 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, 2017, as the receivables relate primarily to foundation agencies and corporations.

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 $223,691 in donated goods and services for contributed advertising, supplies and services for fundraising events, which is included in fundraising events income in the Statement of Activities.

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, 2016, 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 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 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.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at one financial institution. Accounts are insured up to $250,000. At December 31, 2017, the Organization's uninsured cash balances total $244,735. The Organization does not believe that it is exposed to any significant risk in connection with these cash balances.

NOTE 4 - INVESTMENTS

	Level 1	Level 2	Total
Dodge and Cox Income Fund	$ 109,284	$ -	$ 109,284
Certificate of Deposit	-	175,000	175,000
Total	**$ 109,284**	**$ 175,000**	**$ 284,284**

NOTE 4 – INVESTMENTS (CONTINUED)

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.

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, 2017 was as follows:

Dividends	$ 3,076
Unrealized gains	1,200
Realized gains	290
Subtotal	4,566
Interest income from CD and bank accounts	201
Total	**$ 4,767**

NOTE 5 – EQUIPMENT AND IMPROVEMENTS

Furniture and equipment	$ 135,352
Leasehold improvements	100,361
Job Bank software	48,310
	284,023
Less: accumulated depreciation	(223,603)
Equipment and improvements - net	**$ 60,420**

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 4.25%, payable monthly. The line of credit expires September 1, 2018 and contains various general covenants. There was no activity on the line of credit during 2017 and no outstanding balance as of December 31, 2017.

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, 2017, $4,000 of scholarships were awarded, and are included in student employment opportunities expenses in the Statement of Activities.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

	Beginning	Additions	Releases	Ending
Restricted as to purpose:				
This Way Ahead Program	$ 106,909	$ -	$ (80,010)	$ 26,899
David Rawson Memorial Fund	82,513	-	(3,971)	78,542
Donor management software	-	35,850	-	35,850
Equipment purchase	-	15,000	-	15,000
Total	**$ 189,422**	**$ 50,850**	**$ (83,981)**	**$ 156,291**

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. Subsequent to year-end, the Organization entered into an agreement to extend the term of the lease through December 31, 2018.

Future minimum lease payments under this lease are as follows:

Years Ended December 31,	
2018	$ 199,994

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 29, 2018, the date which the financial statements were available to be issued. In June 2018, the Organization extended its facilities lease for an additional six months. See Note 9 for impact on future lease commitments. Management has determined that no other reportable subsequent events occurred.