

ENTERPRISE FOR YOUTH
FINANCIAL REPORT
DECEMBER 31, 2019

ENTERPRISE FOR YOUTH

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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 statements of financial position as of December 31, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

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 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 statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Singer Lewak LLP

September 11, 2020

ENTERPRISE FOR YOUTH
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash	\$ 628,064	\$ 497,888
Investments	405,795	360,046
Grants and contributions receivable, net	4,465	70,077
Contracts and other receivables	160,721	147,823
Prepaid expenses	<u>61,454</u>	<u>74,644</u>
 Total current assets	 <u>1,260,499</u>	 <u>1,150,478</u>
Noncurrent assets		
Equipment and improvements, net	42,782	59,495
Deposits	<u>50,002</u>	<u>50,002</u>
 Total noncurrent assets	 <u>92,784</u>	 <u>109,497</u>
 Total assets	 <u>\$ 1,353,283</u>	 <u>\$ 1,259,975</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 178,827	\$ 191,451
Accrued expenses	42,062	48,158
Deferred revenue	29,340	7,500
Deferred rent	<u>16,326</u>	<u>-</u>
 Total liabilities	 <u>266,555</u>	 <u>247,109</u>
Net assets		
Without donor restrictions	911,966	894,562
With donor restrictions	<u>174,762</u>	<u>118,304</u>
 Total net assets	 <u>1,086,728</u>	 <u>1,012,866</u>
 Total liabilities and net assets	 <u>\$ 1,353,283</u>	 <u>\$ 1,259,975</u>

See notes to financial statements.

ENTERPRISE FOR YOUTH
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support			
Fall Antiques Show	\$ 1,963,574	\$ -	\$ 1,963,574
Grants and contributions	918,137	156,156	1,074,293
Program fees	649,198	-	649,198
In-kind donations	15,878	-	15,878
Net investment return	30,955	-	30,955
Other income	968	-	968
Net assets released from restrictions	99,698	(99,698)	-
Total revenue, gains, and other support	3,678,408	56,458	3,734,866
Expenses			
Program services	1,489,546	-	1,489,546
Fall Antiques Show	1,656,827	-	1,656,827
Supporting services:			
Fundraising	353,167	-	353,167
Management and general	161,464	-	161,464
Total expenses	3,661,004	-	3,661,004
Change in net assets	17,404	56,458	73,862
Net assets, beginning of year	894,562	118,304	1,012,866
Net assets, end of year	\$ 911,966	\$ 174,762	\$ 1,086,728

See notes to financial statements.

ENTERPRISE FOR YOUTH
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support			
Fall Antiques Show	\$ 1,829,259	\$ -	\$ 1,829,259
Grants and contributions	793,186	37,008	830,194
Program fees	617,417	-	617,417
Net investment loss	(163)	-	(163)
Other income	6,043	-	6,043
Net assets released from restrictions	74,995	(74,995)	-
 Total revenue, gains, and other support	 3,320,737	 (37,987)	 3,282,750
Expenses			
Program services	1,399,556	-	1,399,556
Fall Antiques Show	1,506,956	-	1,506,956
Supporting services:			
Fundraising	230,817	-	230,817
Management and general	116,540	-	116,540
 Total expenses	 3,253,869	 -	 3,253,869
 Change in net assets	 66,868	 (37,987)	 28,881
Net assets, beginning of year	827,694	156,291	983,985
 Net assets, end of year	 \$ 894,562	 \$ 118,304	 \$ 1,012,866

See notes to financial statements.

ENTERPRISE FOR YOUTH
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Student Training & Employment Opportunities		Supporting Services				Total
			Fall Antiques Show	Fundraising	Management and General	Total Supporting Services	
Salaries	\$ 835,540	\$ 174,776	\$ 119,762	\$ 85,631	\$ 205,393	\$ 1,215,709	
Employee benefits	38,861	18,553	9,868	4,133	14,001	71,415	
Payroll taxes	73,824	17,594	11,627	7,622	19,249	110,667	
Total personnel costs	948,226	210,923	141,257	97,386	238,643	1,397,792	
Student stipends	185,180	1,979	26	14	40	187,199	
Professional fees	36,631	953,022	76,032	15,116	91,148	1,080,801	
Rent	188,697	49,879	28,868	15,457	44,324	282,900	
Supplies	15,490	10,123	11,389	742	12,131	37,744	
Scholarships awarded	4,000	-	-	-	-	4,000	
Insurance	9,893	2,615	1,514	810	2,324	14,832	
Telephone and technology	39,386	7,725	16,989	3,990	20,979	68,089	
Meetings and hospitality	14,583	262,076	36,145	392	36,536	313,195	
Printing and copying	13,349	73,879	18,724	26	18,750	105,977	
Depreciation	25,719	6,798	3,934	2,107	6,041	38,558	
Repairs and maintenance	210	55	109	17	126	392	
Postage and delivery	730	357	4,765	66	4,831	5,917	
Travel and professional development	5,882	2,976	2,520	23,993	26,513	35,370	
Bank charges and credit card fees	1,228	27,602	10,714	101	10,815	39,644	
Miscellaneous expenses	346	291	180	1,249	1,429	2,066	
Bad debt expenses	-	46,527	-	-	-	46,527	
Total expenses	\$ 1,489,546	\$ 1,656,827	\$ 353,167	\$ 161,464	\$ 514,631	\$ 3,661,004	

See notes to financial statements.

ENTERPRISE FOR YOUTH
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Student Training & Employment Opportunities		Supporting Services			
			Fall Antiques Show	Management and General	Fundraising	Total Supporting Services
Salaries	\$ 747,264	\$ 157,070	\$ 72,359	\$ 72,117	\$ 144,476	\$ 1,048,809
Employee benefits	49,356	2,978	3,425	5,502	8,927	61,261
Payroll taxes	65,062	15,654	7,394	7,043	14,437	95,153
Total personnel costs	861,682	175,702	83,177	84,662	167,839	1,205,223
Student stipends	224,881	466	2,633	120	2,753	228,101
Professional fees	22,417	852,481	41,485	9,203	50,689	925,586
Rent	146,902	35,205	18,148	10,242	28,390	210,497
Supplies	21,132	3,968	7,632	102	7,734	32,834
Scholarships awarded	4,000	-	-	-	-	4,000
Insurance	11,240	4,342	523	733	1,256	16,838
Telephone and technology	46,724	10,536	13,463	2,755	16,218	73,478
Meetings and hospitality	14,084	295,593	37,392	1,597	38,988	348,665
Printing and copying	3,825	77,079	10,188	288	10,477	91,381
Depreciation	31,957	7,625	3,953	2,240	6,193	45,775
Repairs and maintenance	844	213	102	55	157	1,214
Postage and delivery	911	6,778	5,373	118	5,491	13,180
Travel and professional development	5,635	1,852	1,756	2,703	4,459	11,946
Bank charges and credit card fees	782	33,275	4,683	50	4,733	38,790
Miscellaneous expenses				1,506	1,506	1,506
Bad debt expenses	-	1,200	-	-	-	1,200
Moving expenses	2,539	642	308	166	474	3,655
Total expenses	\$ 1,399,556	\$ 1,506,956	\$ 230,817	\$ 116,540	\$ 347,357	\$ 3,253,869

See notes to financial statements.

ENTERPRISE FOR YOUTH
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 73,862	\$ 28,881
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	38,558	45,775
Deferred rent expense	16,326	(5,263)
Investment (gain) loss, net	(21,917)	6,415
Changes in operating assets and liabilities:		
Grants and contributions receivable	65,612	(52,314)
Contracts and other receivables	(12,898)	141,615
Prepaid expenses	13,190	(40,366)
Deposits	-	(34,472)
Accounts payable	(12,624)	65,732
Accrued expenses	(6,096)	(19,328)
Deferred revenue	21,840	7,500
	<u>175,853</u>	<u>144,175</u>
Cash flows from investing activities		
Purchases of investments	(28,179)	(85,386)
Proceeds from sales of investments	4,347	3,209
Purchases of equipment	(21,845)	(44,850)
	<u>(45,677)</u>	<u>(127,027)</u>
Net increase in cash	130,176	17,148
Cash, beginning of year	<u>497,888</u>	<u>480,740</u>
Cash, end of year	<u>\$ 628,064</u>	<u>\$ 497,888</u>

See notes to financial statements.

NOTE 1 – NATURE OF ORGANIZATION

Enterprise for Youth (the “Organization”) is a California nonprofit 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.

Student Training & Employment Opportunities

In the Organization’s comprehensive job-readiness training, youth participate in engaging workshops and receive individualized support that prepares them for success in a wide range of work settings.

After completing job-readiness training, the Organization’s youth have the opportunity to explore careers, develop workplace skills, and make connections through diverse internship experiences. The internship program is available during the summer and during the school year.

The Organization’s Job Bank is a resource that matches talented and motivated youth with opportunities at businesses and with individual employers within the San Francisco community. All youth who access the Job Bank have completed the Organization’s job-readiness training program and are prepared to work one-time or ongoing jobs alongside a supportive employer. The Job Bank is a members-only job board.

Youth Council is a leadership program in which youth counselors gain communication and leadership skills by participating in workshops, supporting the Organization’s staff in outreach efforts, representing the Organization at events, and providing a youth voice to the staff and Board of the Organization. Upon completion of the program, youth counselors receive a stipend for completing a paid summer internship at one of the Organization’s internship sites.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

ENTERPRISE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values. Net investment income consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. As of December 31, 2019, the Organization had \$25,000 in conditional promises to give contingent on the fulfillment of certain program milestones, of which \$25,000 can be earned for the year ended December 31, 2020.

Receivables and Credit Policies

Receivables consist primarily of grants, contributions, and contracts related to program activities, fundraising, and general support. The Organization determines the allowance for doubtful accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. Receivables have been reviewed by management and it has been determined there is an allowance for doubtful accounts of \$46,527 and \$0 as of December 31, 2019 and 2018, respectively.

Equipment and Improvements

Property and equipment are recorded 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 shorter of estimated useful life or length of the remaining lease term for leasehold improvements. The Organization's capitalization policy is to capitalize asset purchases in excess of \$500.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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

- *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets with Donor Restrictions* – Net assets subject to donor or (certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Revenue is recognized when earned. Program service fees, special event ticket sales, 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. Revenue from grants and contracts is recognized as it is earned through expenditures in accordance with the agreements. 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 Goods and Services

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 the criteria prescribed by U.S. GAAP. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

For the years ended December 31, 2019 and 2018, the financial statements reflect a total of \$181,101 and \$126,764, respectively, in donated goods and services for contributed advertising, supplies and services for fundraising events. Donated goods are included as fundraising events income and expense.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs (including salaries and related fringe benefits, rent, depreciation, supplies, and insurance) have been allocated among the programs and supporting services benefited.

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. These estimates are reviewed and updated, as needed, every six months, or as major events occur.

Advertising Costs

The Organization expenses advertising costs as incurred. For the years ended December 31, 2019 and 2018, the Organization incurred \$20,967 and \$16,329, respectively, in advertising expenses which are included in fundraising events direct expenses.

Income Taxes

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

The Organization is also exempt from income taxes under California Revenue and Taxation Code §23701d.

Fair Value Measurements

As defined in U.S. GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses the market approach. Based on this approach, the Organization utilizes certain assumptions about the risk or risks inherent in the inputs to the valuation technique.

These inputs can be readily observable, market-corroborated or generally unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and the reliability of the information used to determine fair values.

As a basis for considering such assumptions, U.S. GAAP establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Include other inputs that are directly or indirectly observable in the marketplace.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Level 3 – Unobservable inputs that are supported by little or no market activity.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- Mutual Funds – The basis of fair value of mutual funds differs depending on the investment. For investments, market value is based on quoted market prices; these are classified within Level 1 of the valuation hierarchy.
- Equities – The fair value of equities is the market value based on quoted market prices. They are classified within Level 1 of the fair value hierarchy.
- Certificate of Deposit – The certificate of deposit is valued at amortized cost, which approximates fair value.
- It is classified within Level 2 of the fair value hierarchy.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, which is the Organization's policy. For the year ended December 31, 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation without an impact on net assets or change in net assets.

Change in Accounting Principles

During the year ended December 31, 2019, the Organization adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The Organization adopted ASU 2018-08 on a modified retrospective basis and the adoption did not have an impact on the Organization's financial statements.

Recent Accounting Pronouncements

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. ASU 2014-09 is effective for years beginning after December 15, 2019. 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. Subsequent to the issuance of ASU 2016-02, the FASB issued several updates to ASC Topic 842. A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The new standard provides a number of practical expedients. ASC Topic 842 is effective for years and interim reporting periods within those years beginning after December 15, 2021, and early adoption is permitted. Upon initial evaluation, the Organization believes the key change upon adoption will be the balance sheet recognition. At adoption, the Organization will recognize a right-to-use asset and corresponding lease liability on the statement of financial position. The income statement recognition of lease expense appears similar to the Organization's current methodology. The Organization expects the adoption of ASC Topic 842 will result in a material increase to the assets and liabilities on statements of financial position but does not expect a material impact on the statements of activities or statements of cash flows.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including receivables) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Organization is currently evaluating the impact of adopting this new guidance on its financial statements.

ENTERPRISE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Financial assets in excess of current cash requirements are invested in money market funds, equities, and certificates of deposit. The proceeds of these funds are used for general operations.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2019, and 2018:

	2019	2018
Cash	\$ 628,064	\$ 497,888
Investments	405,795	360,046
Grants and contributions receivable	4,465	70,077
Contracts receivable	160,721	147,823
	1,199,045	1,075,834
Net assets with donor restrictions	(174,762)	(118,304)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,024,283	\$ 957,530

NOTE 4 – CONCENTRATIONS OF CREDIT RISK

Cash

The Organization manages deposit concentration risk by placing cash with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts, and the Organization does not believe that it is exposed to any significant risk in connection with these cash balances.

Investments

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

ENTERPRISE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table summarizes the Organization’s investments by the fair value hierarchy levels as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds	\$ 119,552	\$ -	\$ 119,552
Equities	102,361	-	102,361
Certificate of deposit	<u>-</u>	<u>183,882</u>	<u>183,882</u>
	<u>\$ 221,913</u>	<u>\$ 183,882</u>	<u>\$ 405,795</u>

The following table summarizes the Organization’s investments by the fair value hierarchy levels as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds	\$ 108,950	\$ -	\$ 108,950
Equities	71,700	-	71,700
Certificate of deposit	<u>-</u>	<u>179,396</u>	<u>179,396</u>
	<u>\$ 180,650</u>	<u>\$ 179,396</u>	<u>\$ 360,046</u>

NOTE 6 – EQUIPMENT AND IMPROVEMENTS

As of December 31, 2019 and 2018, equipment and improvements consisted of the following:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 177,181	\$ 155,932
Leasehold improvements	100,361	100,361
Job bank software	<u>73,176</u>	<u>72,580</u>
	350,718	328,873
Accumulated depreciation	<u>(307,936)</u>	<u>(269,378)</u>
	<u>\$ 42,782</u>	<u>\$ 59,495</u>

ENTERPRISE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – LINE OF CREDIT

The Organization has a \$125,000 line of credit with a bank that is secured by substantially all assets of the Organization. The interest rate is the greater of prime rate rounded up to the nearest 0.125% or 5.25% (4.75% at December 31, 2019). The line of credit expires October 1, 2020 and contains various general covenants.

NOTE 8 – 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 years ended December 31, 2019 and 2018, \$4,000 of scholarships were awarded.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2019 and 2018, net assets with donor restrictions are restricted for the following purposes:

	2019	2018
This Way Ahead program	\$ 49,001	\$ 37,008
David Rawson Memorial Fund	102,361	74,542
Donor management software	23,081	6,220
Equipment purchase	318	534
Total net assets with donor restrictions	\$ 174,762	\$ 118,304

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors are as follows for the years ended June 30, 2019 and 2018:

	2019	2018
This Way Ahead program	\$ 93,262	\$ 26,899
David Rawson Memorial Fund	-	4,000
Donor management software	6,220	29,630
Equipment purchase	216	14,466
	\$ 99,698	\$ 74,995

ENTERPRISE FOR YOUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – LEASE COMMITMENTS

The Organization leases its office with monthly lease payments of \$21,929 (subject to annual increases) through December 2025.

As of December 31, 2019, minimum lease payments for future years ending December 31 are as follows:

2020	\$ 268,000
2021	274,000
2022	279,000
2023	285,000
2024	291,000
Thereafter	<u>296,000</u>
	<u>\$ 1,693,000</u>

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 11, 2020, the date on which the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The disruption resulting from the COVID-19 pandemic is currently expected to be temporary, but there is considerable uncertainty around the duration and the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law and includes changes to the Internal Revenue Code for refundable payroll tax credits, deferment of employer payments for social security tax, net operating loss carryback periods, alternative minimum tax credits, net interest deduction limitations, and depreciation of certain leasehold improvements. U.S. GAAP requires the effect of the CARES Act to be recognized in the period the law is enacted; therefore, the effect of the CARES Act is not recognized in these financial statements. The Organization is currently evaluating the impact of the CARES Act.

On April 20, 2020, the Organization's lender informed the Organization that the Small Business Administration (SBA) had approved the Organization's application for an SBA Paycheck Protection Program (PPP) loan under the March 2020 CARES Act. The Organization signed a promissory note of \$249,000 for the loan, and, in accordance with the CARES Act, the Organization plans to use the PPP loan proceeds for eligible costs that should result in the forgiveness of the PPP loan. However, the amount to be forgiven is currently unknown. The PPP loan bears interest at 1% and will mature on April 19, 2022.