

**ENTERPRISE FOR YOUTH**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2020**

# ENTERPRISE FOR YOUTH

## CONTENTS

---

|                                     | Page   |
|-------------------------------------|--------|
| <b>INDEPENDENT AUDITOR'S REPORT</b> | 1 – 2  |
| <b>FINANCIAL STATEMENTS</b>         |        |
| Statements of Financial Position    | 3      |
| Statements of Activities            | 4 – 5  |
| Statements of Functional Expenses   | 6 – 7  |
| Statements of Cash Flows            | 8      |
| Notes to Financial Statements       | 9 – 18 |

## 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, 2020 and 2019, 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, 2020 and 2019, 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*

August 18, 2021

**ENTERPRISE FOR YOUTH**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2020 and 2019

|  | <u>2020</u>                    | <u>2019</u>                    |
|--|--------------------------------|--------------------------------|
| <b>ASSETS</b>                            |                                |                                |
| <b>Current assets</b>                    |                                |                                |
| Cash                                     | \$ 532,989                     | \$ 628,064                     |
| Investments                              | 428,698                        | 405,795                        |
| Grants and contributions receivable, net | 9,113                          | 4,465                          |
| Contracts and other receivables          | 201,471                        | 160,721                        |
| Prepaid expenses                         | <u>117,262</u>                 | <u>61,454</u>                  |
| <br>Total current assets                 | <br><u>1,289,533</u>           | <br><u>1,260,499</u>           |
| <b>Noncurrent assets</b>                 |                                |                                |
| Equipment and improvements, net          | 27,469                         | 42,782                         |
| Deposits                                 | <u>-</u>                       | <u>50,002</u>                  |
| <br>Total noncurrent assets              | <br><u>27,469</u>              | <br><u>92,784</u>              |
| <br>Total assets                         | <br><b><u>\$ 1,317,002</u></b> | <br><b><u>\$ 1,353,283</u></b> |

**LIABILITIES AND NET ASSETS**

|                                      |                                |                                |
|--------------------------------------|--------------------------------|--------------------------------|
| <b>Current liabilities</b>           |                                |                                |
| Accounts payable                     | \$ 36,023                      | \$ 178,827                     |
| Accrued expenses                     | 35,747                         | 42,062                         |
| Deferred revenue                     | 110,000                        | 29,340                         |
| Deferred rent                        | <u>27,389</u>                  | <u>16,326</u>                  |
| <br>Total liabilities                | <br><u>209,159</u>             | <br><u>266,555</u>             |
| <b>Net assets</b>                    |                                |                                |
| Without donor restrictions           | 995,872                        | 911,966                        |
| With donor restrictions              | <u>111,971</u>                 | <u>174,762</u>                 |
| <br>Total net assets                 | <br><u>1,107,843</u>           | <br><u>1,086,728</u>           |
| <br>Total liabilities and net assets | <br><b><u>\$ 1,317,002</u></b> | <br><b><u>\$ 1,353,283</u></b> |

See notes to financial statements.

**ENTERPRISE FOR YOUTH**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2020**

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|--|-------------------------------|----------------------------|---------------------|
| <b>Revenue, gains, and other support</b> |                               |                            |                     |
| Fall Antiques Show                       | \$ 93,295                     | \$ -                       | \$ 93,295           |
| Grants and contributions                 | 929,792                       | 13,610                     | 943,402             |
| Government contracts                     | 927,731                       | -                          | 927,731             |
| In-kind donations                        | 117,510                       | -                          | 117,510             |
| Net investment return                    | 27,047                        | -                          | 27,047              |
| Other income                             | 11,628                        | -                          | 11,628              |
| Net assets released from restrictions    | 76,401                        | (76,401)                   | -                   |
| Total revenue, gains, and other support  | 2,183,404                     | (62,791)                   | 2,120,613           |
| <b>Expenses</b>                          |                               |                            |                     |
| Program services                         | 1,482,325                     | -                          | 1,482,325           |
| Fall Antiques Show                       | 198,831                       | -                          | 198,831             |
| Supporting services:                     |                               |                            |                     |
| Fundraising                              | 273,094                       | -                          | 273,094             |
| Management and general                   | 145,248                       | -                          | 145,248             |
| Total expenses                           | 2,099,498                     | -                          | 2,099,498           |
| <b>Change in net assets</b>              | 83,906                        | (62,791)                   | 21,115              |
| <b>Net assets, beginning of year</b>     | 911,966                       | 174,762                    | 1,086,728           |
| <b>Net assets, end of year</b>           | <b>\$ 995,872</b>             | <b>\$ 111,971</b>          | <b>\$ 1,107,843</b> |

See notes to financial statements.

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

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|--|-------------------------------|----------------------------|---------------------|
| <b>Revenue, gains, and other support</b> |                               |                            |                     |
| Fall Antiques Show                       | \$ 1,963,574                  | \$ -                       | \$ 1,963,574        |
| Grants and contributions                 | 918,137                       | 156,156                    | 1,074,293           |
| Government contracts                     | 649,198                       | -                          | 649,198             |
| In-kind donations                        | 15,878                        |                            | 15,878              |
| Net investment loss                      | 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           |
| <b>Expenses</b>                          |                               |                            |                     |
| 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           |
| <b>Change in net assets</b>              | 17,404                        | 56,458                     | 73,862              |
| <b>Net assets, beginning of year</b>     | 894,562                       | 118,304                    | 1,012,866           |
| <b>Net assets, end of year</b>           | <b>\$ 911,966</b>             | <b>\$ 174,762</b>          | <b>\$ 1,086,728</b> |

See notes to financial statements.

**ENTERPRISE FOR YOUTH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2020

|                                     | <b>Student<br/>Training &amp;<br/>Employment<br/>Opportunities</b> | <b>Fall<br/>Antiques<br/>Show</b> | <b>Supporting Services</b> |                                       |  | <b>Total</b>        |
|-------------------------------------|--|-----------------------------------|----------------------------|---------------------------------------|--|---------------------|
|                                     |  |                                   | <b>Fundraising</b>         | <b>Management<br/>and<br/>General</b> | <b>Total<br/>Supporting<br/>Services</b> |                     |
| Salaries                            | \$ 770,167   | \$ 152,710                        | \$ 179,167                 | \$ 84,685                             | \$ 263,852                               | \$ 1,186,729        |
| Payroll taxes                       | 77,867   | 12,605                            | 16,353                     | 9,843                                 | 26,196                                   | 116,668             |
| Employee benefits                   | 37,959   | 13,174                            | 10,532                     | 3,677                                 | 14,209                                   | 65,342              |
| <b>Total personnel costs</b>        | <b>885,993</b>   | <b>178,489</b>                    | <b>206,052</b>             | <b>98,205</b>                         | <b>304,257</b>                           | <b>1,368,739</b>    |
| Student stipends                    | 195,111  | -                                 | -                          | -                                     | -  | 195,111             |
| Rent                                | 141,123  | 3,611                             | 17,800                     | 10,300                                | 28,100                                   | 172,834             |
| Donated goods and services          | 117,200  | -                                 | 310                        | -                                     | 310                                      | 117,510             |
| Professional fees                   | 45,413   | 6,575                             | 19,713                     | 24,540                                | 44,253                                   | 96,241              |
| Telephone and technology            | 26,728   | 3,032                             | 4,503                      | 1,984                                 | 6,487                                    | 36,247              |
| Insurance                           | 28,511   | 1,491                             | 2,849                      | 1,440                                 | 4,289                                    | 34,291              |
| Depreciation                        | 20,723   | 530                               | 2,614                      | 1,513                                 | 4,127                                    | 25,380              |
| Printing and copying                | 8,325  | 517                               | 5,760                      | 19                                    | 5,779                                    | 14,621              |
| Travel and professional development | 999  | 3,856                             | 2,813                      | 5,015                                 | 7,828                                    | 12,683              |
| Supplies                            | 6,035  | 275                               | 4,323                      | 1,302                                 | 5,625                                    | 11,935              |
| Meetings and hospitality            | 3,754  | 278                               | 283                        | 698                                   | 981                                      | 5,013               |
| Bank charges and credit card fees   | 860  | 22                                | 5,010                      | 63                                    | 5,073                                    | 5,955               |
| Postage and delivery                | 1,428  | 91                                | 1,049                      | 90                                    | 1,139                                    | 2,658               |
| Miscellaneous                       | 122  | 64                                | 15                         | 79                                    | 94                                       | 280                 |
| <b>Total expenses</b>               | <b>\$ 1,482,325</b>  | <b>\$ 198,831</b>                 | <b>\$ 273,094</b>          | <b>\$ 145,248</b>                     | <b>\$ 418,342</b>                        | <b>\$ 2,099,498</b> |

See notes to financial statements.



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

|                                     | <b>Student<br/>Training &amp;<br/>Employment<br/>Opportunities</b> | <b>Fall<br/>Antiques<br/>Show</b> | <b>Supporting Services</b> |                                       |  | <b>Total</b>        |
|-------------------------------------|--|-----------------------------------|----------------------------|---------------------------------------|--|---------------------|
|                                     |  |                                   | <b>Fundraising</b>         | <b>Management<br/>and<br/>General</b> | <b>Total<br/>Supporting<br/>Services</b> |                     |
| Salaries                            | \$ 835,540   | \$ 174,776                        | \$ 119,762                 | \$ 85,631                             | \$ 205,393                               | \$ 1,215,709        |
| Payroll taxes                       | 73,825   | 17,594                            | 11,627                     | 7,622                                 | 19,249                                   | 110,668             |
| Employee benefits                   | 38,861   | 18,553                            | 9,868                      | 4,133                                 | 14,001                                   | 71,415              |
| <b>Total personnel costs</b>        | <b>948,226</b>   | <b>210,923</b>                    | <b>141,257</b>             | <b>97,386</b>                         | <b>238,643</b>                           | <b>1,397,792</b>    |
| Professional fees                   | 36,631   | 953,022                           | 76,032                     | 15,116                                | 91,148                                   | 1,080,801           |
| Meetings and hospitality            | 14,579   | 262,073                           | 36,145                     | 392                                   | 36,537                                   | 313,189             |
| Rent                                | 188,697  | 49,879                            | 28,868                     | 15,457                                | 44,325                                   | 282,901             |
| Student stipends                    | 185,180  | 1,979                             | 26                         | 14                                    | 40                                       | 187,199             |
| Printing and copying                | 13,349   | 73,879                            | 18,724                     | 26                                    | 18,750                                   | 105,978             |
| Telephone and technology            | 39,386   | 7,725                             | 16,989                     | 3,990                                 | 20,979                                   | 68,090              |
| Bad debts                           | -  | 46,527                            | -                          | -                                     | -  | 46,527              |
| Bank charges and credit card fees   | 1,227  | 27,605                            | 10,714                     | 101                                   | 10,815                                   | 39,647              |
| Depreciation                        | 25,721   | 6,798                             | 3,934                      | 2,105                                 | 6,039                                    | 38,558              |
| Supplies                            | 15,490   | 10,123                            | 11,389                     | 742                                   | 12,131                                   | 37,744              |
| Travel and professional development | 5,881  | 2,976                             | 2,520                      | 23,993                                | 26,513                                   | 35,370              |
| Insurance                           | 9,893  | 2,615                             | 1,515                      | 810                                   | 2,325                                    | 14,833              |
| Postage and delivery                | 730  | 357                               | 4,765                      | 66                                    | 4,831                                    | 5,918               |
| Scholarships awarded                | 4,000  | -                                 | -                          | -                                     | -  | 4,000               |
| Miscellaneous                       | 346  | 291                               | 180                        | 1,249                                 | 1,429                                    | 2,066               |
| Repairs and maintenance             | 210  | 55                                | 109                        | 17                                    | 126                                      | 391                 |
| <b>Total expenses</b>               | <b>\$ 1,489,546</b>  | <b>\$ 1,656,827</b>               | <b>\$ 353,167</b>          | <b>\$ 161,464</b>                     | <b>\$ 514,631</b>                        | <b>\$ 3,661,004</b> |

See notes to financial statements.

**ENTERPRISE FOR YOUTH**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2020 and 2019

|  | <b>2020</b>       | <b>2019</b>       |
|--|-------------------|-------------------|
| <b>Cash flows from operating activities</b>  |                   |                   |
| Change in net assets   | \$ 21,115         | \$ 73,862         |
| Adjustment to reconcile change in net assets to net cash provided by operating activities: |                   |                   |
| Depreciation expense   | 25,380            | 38,558            |
| Deferred rent expense  | 11,063            | 16,326            |
| Investment gains, net  | (17,872)          | (21,917)          |
| Changes in operating assets and liabilities:   |                   |                   |
| Grants and contributions receivable  | (4,648)           | 65,612            |
| Contracts and other receivables  | (40,750)          | (12,898)          |
| Prepaid expenses   | (55,808)          | 13,190            |
| Deposits   | 50,002            | -                 |
| Accounts payable   | (142,804)         | (12,624)          |
| Accrued expenses   | (6,315)           | (6,096)           |
| Deferred revenue   | 80,660            | 21,840            |
|  | <u>(79,977)</u>   | <u>175,853</u>    |
| <b>Cash flows from investing activities</b>  |                   |                   |
| Purchases of investments   | (9,031)           | (28,179)          |
| Proceeds from sales of investments   | 4,000             | 4,347             |
| Purchases of equipment   | (10,067)          | (21,845)          |
|  | <u>(15,098)</u>   | <u>(45,677)</u>   |
| <b>Net increase (decrease) in cash</b>   | (95,075)          | 130,176           |
| <b>Cash, beginning of year</b>   | <u>628,064</u>    | <u>497,888</u>    |
| <b>Cash, end of year</b>   | <u>\$ 532,989</u> | <u>\$ 628,064</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 – 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.

**NOTE 2 – 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, 2020 and 2019, the Organization had no conditional promises to give.

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 as of December 31, 2020 and 2019, 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.

PPP Loan

The Organization accounts for its Paycheck Protection Program (PPP) loan as a governmental grant as addressed in FASB ASC 958-605. PPP conditional advance payments are reported as a refundable advance until conditions are substantially met or explicitly waived. The Organization recognizes forgiveness as qualifying expenditures are incurred.

**NOTE 2 – 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.

The financial statements reflect donated goods and services for contributed advertising, supplies and services for fundraising events. Donated goods are included as fundraising events income and expense.

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.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Functional Allocation of Expenses (Continued)

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, 2020 and 2019, the Organization incurred \$0 and \$20,967, 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.

Change in Accounting Principles

During the year ended December 31, 2020, the Organization adopted 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 adoption did not have an impact on the Organization's financial statements.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Recent Accounting Pronouncements

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 statement of financial position 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. 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. ASC Topic 842 is effective for years and interim reporting periods within those years beginning after December 15, 2021, and early adoption is permitted. The Organization expects the adoption of ASC Topic 842 will have a material impact on its financial statements.

**ENTERPRISE FOR YOUTH**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recent Accounting Pronouncements (Continued)

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.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash and other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Organization on January 1, 2022, with early adoption permitted. The Organization is currently evaluating the impact of this new guidance on its 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, 2020, and 2019:

|   | 2020                | 2019                |
|---|---------------------|---------------------|
| Cash  | \$ 532,989          | \$ 628,064          |
| Investments   | 428,698             | 405,795             |
| Grants and contributions receivable   | 9,113               | 4,615               |
| Contracts receivable  | 201,471             | 160,721             |
| Net assets with donor restrictions  | (111,971)           | (174,762)           |
| Financial assets available to meet cash needs<br>for general expenditures within one year | <b>\$ 1,060,300</b> | <b>\$ 1,024,433</b> |

**NOTE 4 – RISKS AND UNCERTAINTIES**

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.

COVID-19

During the year ended December 31, 2020, the San Francisco Fall Antiques Show and other in-person events were canceled as a result of the COVID-19 pandemic. During the closure, the Organization focused primarily on virtual fundraising events and campaigns, engaging members, donors and volunteers with innovative online content and mission-related programs, and ensuring the Organization's long-term financial health.

**NOTE 5 – INVESTMENTS AND 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 for identical assets in active markets.

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

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



**ENTERPRISE FOR YOUTH**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

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, 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent.

The following table summarizes the Organization’s investments by the fair value hierarchy levels as of December 31, 2020:

|                        | Level 1                  | Level 2                  | Level 3                  |
|------------------------|--------------------------|--------------------------|--------------------------|
| Mutual funds           | \$ 130,852               | \$ -                     | \$ 130,852               |
| Equities               | 111,971                  | -                        | 111,971                  |
| Certificate of deposit | -                        | 185,875                  | 185,875                  |
|                        | <b><u>\$ 242,823</u></b> | <b><u>\$ 185,875</u></b> | <b><u>\$ 428,698</u></b> |

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

|                        | Level 1                  | Level 2                  | Level 3                  |
|------------------------|--------------------------|--------------------------|--------------------------|
| Mutual funds           | \$ 119,552               | \$ -                     | \$ 119,552               |
| Equities               | 102,361                  | -                        | 102,361                  |
| Certificate of deposit | -                        | 183,882                  | 183,882                  |
|                        | <b><u>\$ 221,913</u></b> | <b><u>\$ 183,882</u></b> | <b><u>\$ 405,795</u></b> |

**ENTERPRISE FOR YOUTH**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 6 – EQUIPMENT AND IMPROVEMENTS**

As of December 31, 2020 and 2019, equipment and improvements consisted of the following:

|                          | <u>2020</u>             | <u>2019</u>             |
|--------------------------|-------------------------|-------------------------|
| Furniture and equipment  | \$ 187,248              | \$ 177,181              |
| Leasehold improvements   | 100,361                 | 100,361                 |
| Job bank software        | <u>73,176</u>           | <u>73,176</u>           |
|                          | 360,785                 | 350,718                 |
| Accumulated depreciation | <u>(333,316)</u>        | <u>(307,936)</u>        |
|                          | <b><u>\$ 27,469</u></b> | <b><u>\$ 42,782</u></b> |

**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% (3.50% at December 31, 2020) or 5.25%. The line of credit contains various general covenants and expires on December 1, 2021.

**NOTE 8 – PPP LOAN**

On April 20, 2020, the Organization was informed by a bank that the U.S. Small Business Administration (SBA) approved the Organization's request for a PPP loan of \$249,000. In accordance with the CARES Act, the Organization used the PPP loan proceeds for eligible costs that should result in partial or full forgiveness of the PPP loan. During the year ended December 31, 2020, the Organization recognized the entire loan amount as a government grant and is included in grants and contributions revenue.

**NOTE 9 – 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, 2020 and 2019, \$4,000 and \$0 of scholarships were awarded, respectively.

**ENTERPRISE FOR YOUTH**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2020 and 2019, net assets with donor restrictions are restricted for the following purposes:

|                            | 2020                     | 2019                     |
|----------------------------|--------------------------|--------------------------|
| David Rawson Memorial Fund | \$ 111,971               | \$ 102,362               |
| This Way Ahead program     | -                        | 49,001                   |
| Technology upgrades        | -                        | 23,081                   |
| Equipment purchase         | -                        | 318                      |
|                            | <b><u>\$ 111,971</u></b> | <b><u>\$ 174,762</u></b> |

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 December 31, 2020 and 2019:

|                            | 2020                    | 2019                    |
|----------------------------|-------------------------|-------------------------|
| This Way Ahead program     | \$ 49,001               | \$ 93,262               |
| COVID emergency funding    | 13,334                  | -                       |
| Technology upgrades        | 9,748                   | 6,220                   |
| David Rawson Memorial Fund | 4,000                   | -                       |
| Equipment purchase         | 318                     | 216                     |
|                            | <b><u>\$ 76,401</u></b> | <b><u>\$ 99,698</u></b> |

**NOTE 11 – LEASES**

The Organization leases its office with monthly lease payments of \$22,368 (subject to annual increases) through December 2025.

As of December 31, 2020, estimated minimum lease payments for future years ending December 31 are as follows:

|      |                            |
|------|----------------------------|
| 2021 | \$ 274,000                 |
| 2022 | 279,000                    |
| 2023 | 285,000                    |
| 2024 | 291,000                    |
| 2025 | 296,000                    |
|      | <b><u>\$ 1,425,000</u></b> |

**NOTE 12 – RELATED PARTY TRANSACTIONS**

The Organization's board of directors is actively involved in raising funds for the Organization. During the years ended December 31, 2020 and 2019, the Organization received a total of \$154,105 and \$119,115, respectively, in contributions from board members. In addition, board members have agreed to contribute an additional amount of \$9,000 and \$0, respectively, that are recorded as promises to give.

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 18, 2021, the date on which the financial statements were available to be issued.

On February 18, 2021, the Organization's lender informed the Organization that the SBA had approved the Organization's application for an SBA PPP loan under the March 2020 CARES Act – Second Draw PPP loan. The Organization signed a promissory note of \$276,800 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 February 18, 2026.

On April 21, 2021, the SBA approved the Organization's application for forgiveness of the first PPP loan (see Note 8).