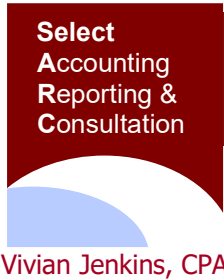


Audited Financial Statements
For the Years Ended June 30, 2019 and 2018

Youth Leadership Foundation, Inc.
June 30, 2019 and 2018
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Report of Independent Auditor

Board of Directors
Youth Leadership Foundation, Inc.
Washington, DC

I have audited the accompanying financial statements of Youth Leadership Foundation, Inc. (the Foundation) which comprise the statement of financial position as of June 30, 2019 and 2018, and 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Leadership Foundation, Inc., as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Emphasis of Matters

As discussed in Note 2 to the financial statements, in the year ended June 30, 2019, the Foundation adopted Accounting Standards Updates (“ASUs”) No. ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* and No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. My conclusion is not modified with respect to this matter.

As discussed in Note 5 to the financial statements, subsequent to the issuance of the Foundation’s financial statements for the year ended June 30, 2017, and our report thereon, management determined that the accounts receivable and net assets without donor restrictions balances at June 30, 2018 and 2017, were overstated by \$73,472. As a result, the Foundation restated accounts receivable and net assets without donor restrictions at June 30, 2017, and revised the accounts receivable and net assets without donor restrictions balances for the year ended June 30, 2018. My opinion on the financial statements is not modified as a result of this matter.



Silver Spring, MD
May 31, 2020

Youth Leadership Foundation, Inc.

Statements of Financial Position

June 30,	2019	2018 (Restated)
Assets		
Cash and cash equivalents	\$ 103,855	\$ 84,298
Pledges receivable, current	170,400	128,600
Prepaid expenses and other current assets	33,161	16,146
Total current assets	307,416	229,044
Pledges receivable, net of current portion	148,800	133,120
Total assets	\$ 456,216	\$ 362,164
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 28,033	\$ 63,467
Line of credit	48,429	-
Other current liabilities	-	1,273
Total current liabilities	76,462	64,740
Net Assets		
Without donor restrictions	94,754	73,757
With donor restrictions	285,000	223,667
Total net assets	379,754	297,424
Total liabilities and net assets	\$ 456,216	\$ 362,164

Youth Leadership Foundation, Inc.

Statement of Activities Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants	\$ 41,409	\$	\$ 41,409
Contributions	357,612	150,000	507,612
Special events, net of direct costs	174,415		174,415
Program revenue	12,737		12,737
Net assets released from restrictions	88,667	(88,667)	
Total support and revenue	674,841	61,333	736,173
Expenses			
Program services	383,151		383,151
Supporting services			
Fundraising	165,574		165,574
Management and general	105,118		105,118
Total expenses	653,843		653,843
Change in net assets	20,998	61,333	82,330
Net assets, beginning of year	73,757	223,667	297,424
Net Assets, end of year	\$ 94,755	\$ 285,000	\$ 379,754

See accompanying auditor's report and notes to the financial statements.

Youth Leadership Foundation, Inc.

Statement of Activities

Year Ended June 30, 2018 (Restated)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Government grants	\$ 10,000	\$ -	\$ 10,000
Other grants	135,000		135,000
Contributions	294,126	223,667	517,793
Special events, net of direct costs	323,408		323,408
Program revenue	19,158		19,158
Net assets released from restrictions	-	-	
Total support and revenue	781,693	223,667	1,005,360
Expenses			
Program services	623,357		623,357
Supporting services			
Fundraising	142,988		142,988
Management and general	97,209		97,209
Total expenses	863,554		863,554
Change in net assets	(81,861)	223,667	141,806
Net assets, beginning of year	229,090	-	229,090
Prior-period adjustment	(73,472)		(73,472)
Net Assets, end of year	\$ 73,757	\$ 223,667	\$ 297,424

See accompanying auditor's report and notes to the financial statements.

Youth Leadership Foundation, Inc.

Statement of Functional Expenses Year Ended June 30, 2019

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Salaries and Wages	\$ 201,516	\$ 43,000	\$ 78,000	\$ 322,516
Employee Benefits	28,188	5,226	6,720	40,134
Payroll Taxes	21,259	4,377	5,627	31,263
Contract Service Expenses	17,333	34,196	57,609	109,138
Supplies	3,260	-	-	3,260
IT - Technology	9,190	1,892	2,433	13,515
Telephone and Telecommunications	2,487	512	658	3,657
Web Maintenance	26	5	7	39
Postage and Shipping	481	99	127	708
Printing & Copying	1,193	246	316	1,754
Facility & Equipment Expenses	33,603	4,786	9,269	47,659
Travel & Meeting Expenses	11,592	-	477	12,069
Business Expenses	2,822	581	747	4,149
Interest Expenses	1,917	395	507	2,819
Insurance	10,727	2,208	2,839	15,774
Advertising Expenses	2,304	-	236	2,540
Tuition Scholarships	31,160	-	-	31,160
Bad Debts Expense	-	7,395	-	7,395
Other Expenses	4,094	200	-	4,294
Total Expenses	\$ 383,151	\$ 105,118	\$ 165,574	\$ 653,843
	59%	16%	25%	

Youth Leadership Foundation, Inc.

**Statement of Functional Expenses
Year Ended June 30, 2018 (Restated)**

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Compensation	\$ 365,905	\$ 44,768	63,804	474,477
Employee Benefits	49,331	363	6,255	55,949
Payroll Taxes	28,703	3,503	5,275	37,481
Professional Services	38,694	29,172	54,859	122,725
Occupancy	59,955	3,215	4,840	68,010
IT and Telephone	12,895	1,574	2,370	16,839
Scholarships	27,480	-	-	27,480
Meetings	16,166	1,973	2,971	21,110
Travel	9,929	-	-	9,929
Supplies	7,382	892	1,343	9,617
Printing and Postage	5,154	629	947	6,730
Provision for Bad Debts	-	10,905	-	10,905
Other Expenses	1,763	215	324	2,302
Total Expenses	\$ 623,357	\$ 97,209	\$ 142,988	\$ 863,554
	72%	11%	17%	

Youth Leadership Foundation, Inc.

Statements of Cash Flows

<i>Year Ended June 30,</i>	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 82,330	\$ 141,806
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Pledges receivable	(57,480)	(257,420)
Prepaid expenses and other current assets	(17,015)	894
Accounts payable and accrued expenses	(35,434)	26,338
Deferred revenue	(1,273)	(8,174)
Total adjustments	(111,202)	(238,362)
Net cash used in operating activities	(28,872)	(96,556)
Cash flows from financing activities		
Borrowings	48,429	-
Net cash provided by financing activities	48,429	-
Net increase (decrease) in cash and cash equivalents	19,557	(96,556)
Cash and cash equivalents, beginning of period	84,298	180,854
Cash and cash equivalents, end of period	\$ 103,855	\$ 84,298

See accompanying auditor's report and notes to the financial statements.

Youth Leadership Foundation, Inc.

Notes to Financial Statements
Years ended June 30, 2019 and 2018

NOTE 1 ORGANIZATION

Youth Leadership Foundation, Inc., (YLF or "the Foundation") was incorporated in Washington, D.C. in January 1997. The Foundation's mission is to build character and support the pursuit of academic excellence enabling youth in the DC-MD-VA area to enhance the trajectory of their lives. This is accomplished through two major programs. **Program for Academic and Leadership Skills (PALS)** is designed to help girls understand themselves the world and how to be great women in it. **Tenley Achievement Program (TAP)** is designed to cultivate virtue, encouraging boys to lead by example. YLF's Four Pillars of Success help students reach their full potential:

CHALLENGING ACADEMICS

The programs employ vigorous curricula crafted to remediate learning gaps and challenge students' problem-solving. During the school year, students receive two 45-minute tutoring blocks, targeting reading, mathematics and study skills. The summer programs include math, English, science and cultural studies.

CHARACTER FORMATION

The programs implement substantive character curricula that provoke meaningful self-reflection around the themes of human freedom and responsibility. Each four-year curriculum helps students to answer the questions, "Who Am I?", "Where Am I Going?", "What Is the Path?", and "What Is My Responsibility?" Character lessons are an integral part of each program.

PERSONAL MENTORING

Each student is paired with a mentor who helps them to set specific measurable goals related to personal and academic development. Mentors help students to disentangle troubling social situations and come up with creative and self-edifying solutions.

PARENTAL INVOLVEMENT

YLF believes that parents are the primary educators of their students. The Foundation aims to support parents as they guide their children. Monthly Parent Corners during the school year and weekly Parent Seminars in summer provide stimulating conversation among likeminded parents for the purpose of enriching the home.

More than 95% of the parents with students involved in the programs observe significant improvement in their child's behavior after participating in YLF programs.

The Johnny and Mary Clare Holliday Scholarship Fund at YLF helps merit-worthy, need-based students to attend academically excellent, private schools in the region. Scholarships are awarded to provide financial assistance to students in Washington, D.C. and Prince George's County with a good attendance record at YLF programs and who have demonstrated academic excellence and strong integrity. The programs annually award scholarships ranging from \$1,000 to \$10,000 to deserving students, as well as provide education and financial counseling towards obtaining a college degree.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

YLF's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The presentation of net assets follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) topic 958, Not-for-Profit Entities. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions as follows:

Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status.

Net assets with donor restrictions are subject to donor restrictions that may or will be met by expenditures, actions, or the passage of time. Contributions restricted by donors are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates and assumptions in these financial statements require the exercise of judgment and are used for, but not limited to, allowance for doubtful accounts, estimates of future cash flows and other assumptions associated with useful lives for depreciation and amortization and contingencies. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

YLF follows the methods of fair value measurement described in the Fair Value Measurements and Disclosures topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) to determine the fair values of all assets and liabilities required to be measured at fair value. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability, (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. A hierarchy prioritizes the observable and unobservable inputs used to measure fair value into three broad levels, as described below:

NOTE 2 Summary of Significant Accounting Policies – CONTINUED

Fair Value Measurements – Continued

- Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data; and
- Level 3 – Unobservable inputs are used when little or no market data is available.

In determining fair value, YLF utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Cash and Cash Equivalents

YLF considers all highly liquid investments purchased with maturity dates of three months or less at acquisition to be cash equivalents. Cash and cash equivalents consist of cash deposited with banks and brokerages. The recorded carrying amount of cash equivalents approximates their fair value. The Foundation places its cash equivalents with high credit-quality financial institutions.

Pledges Receivable

YLF records pledges receivable (unconditional promises to give) that are expected to be collected within one year at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed at the date of gift using risk-adjusted interest rates applicable to the years in which the amounts are expected to be received. Amortization of the discounts is recognized as revenue using the effective-interest method. The discount on multi-year promises to give as of June 30, 2019 and 2018, was determined to be immaterial.

YLF recognizes revenue from conditional grants and promises to give when the conditions stipulated are substantially met. A conditional grant or promise to give is considered unconditional if the possibility that the condition will not be met is remote.

Youth Leadership Foundation, Inc.

Notes to Financial Statements
Years ended June 30, 2019 and 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment

Property and equipment additions are recorded at cost or, if donated, at the estimated fair value at the date of receipt. YLF capitalizes all property and equipment additions over \$750. Depreciation is computed using the straight-line method over the following useful lives: leasehold improvements – 10 to 39 years; office furniture and fixtures – 5 to 10 years; and program equipment and software – 3 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense accounts when incurred.

Revenue Recognition

YLF's significant revenue streams are as follows (refer also to Adoption of New Accounting Standards below):

Contributions – Contributions are recognized in the statement of activities when legally binding unconditional promises to give are made or as gifts of cash are received. Contributions are classified as support without donor restrictions or with donor restrictions depending upon the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor, or that have an implied time restriction, are reported as increases in net assets with donor restrictions. Within net assets with donor restrictions, amounts are reclassified to net assets without donor restrictions when purpose or time restrictions expire. Support with donor restrictions that expire in the same period is classified as net assets without donor restrictions.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. YLF reports expirations of donor restrictions when the donated or acquired assets are placed in service. Donated services are recognized as contributions and expense in accordance with generally accepted accounting principles if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers contribute time to the Foundation's program service activities, the value of which measured at fair value whenever the recognition criteria have been met.

Government and Private Grants – Revenue from program service federal, state, corporate and foundation grants is recognized in accordance with the terms of the respective grant agreement.

Program Service Fees – Substantially all revenue recognized from contracts with customers is generated by the Foundation's service fees from schools or students. Fee revenues are recognized over the academic term to which they relate.

Youth Leadership Foundation, Inc.

Notes to Financial Statements
Years ended June 30, 2019 and 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition – Continued

Special Events Income – The Foundation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Foundation. The direct costs of the special events which ultimately benefit the donor rather than the Foundation are recorded as exchange transaction revenue and exchange transaction expense. All proceeds received in excess of the direct costs are recorded as net special events income in the accompanying statements of activities.

Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation among the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, and other expenses are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done on the basis of estimates of time and effort.

Income Tax Status

YLF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable income tax laws and regulations of the District of Columbia. Further, the Foundation has been classified as an organization other than a private foundation under Section 509(a) of the IRC and, as such, contributions to YLF qualify for deduction as charitable contributions. However, income not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. YLF had no significant taxable income or income tax expense during the years ended June 30, 2019 and 2018.

The Foundation believes that it has conducted its operations in accordance with, and has properly maintained, its tax-exempt status and that it has taken no significant uncertain tax positions. YLF's tax returns are subject to examination by the Internal Revenue Service (IRS) generally for three years after they were filed.

Compensated Absences

YLF's vacation policy does not allow for vacation to be carried over. Since employees must use earned vacation by the end of the fiscal year, no accrued vacation appears in the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Events

Subsequent events have been evaluated through May 31, 2020, which is the date the financial statements were available to be issued.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 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 financial or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, for nonprofit organizations. 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. Management is currently evaluating the impact of the pending adoption of the new standard on YLF's financial statements.

In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies what is an exchange transaction, of which revenues would be reported under Topic 606, and what is a contribution reported under Topic 958. The new guidance establishes a three-step process for the not-for-profit organizations to walk through in order to determine what type of transaction transpired. For organizations that are not considered public, the standard is effective for periods beginning after December 15, 2018. Early application of the amendments is permitted. Management is currently evaluating the potential impact that the adoption of this update will have on its financial statements.

Adoption of New Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. YLF adopted the new standard effective July 1, 2018, the first day of the Foundation's fiscal year.

There was no adjustment necessary to the opening balance of net assets as a result of adopting the new revenue standard. For the year ended June 30, 2019, the Foundation has determined that there are no significant differences between the amounts reported for revenue and contract assets and liabilities using Topic 605 (previously in effect) and the accounting treatment used in accordance with the new revenue standard. Adoption of ASU 2014-09 had no material impact on the Foundation's financial statements.

Youth Leadership Foundation, Inc.

Notes to Financial Statements
Years ended June 30, 2019 and 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Adoption of New Accounting Standards – Continued

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*, which improves the understandability of net asset classifications, provides information about liquidity and availability of resources, and adds consistency in the type of information provided about expenses and investment return. YLF has adjusted the presentation of these statements retrospectively to all periods presented. Those adjustments relate to the presentation of net assets previously described as temporarily and permanently restricted to net assets with donor restrictions to conform with the current year presentation required under ASU 2016-14.

Reclassifications

Certain amounts previously reported as of and for the year ended June 30, 2018, have been reclassified to conform to the current year presentation.

NOTE 3 CONCENTRATIONS

Concentrations of Credit Risk

YLF manages deposit concentration risk by placing its temporary cash and money market accounts with various financial institutions considered to be high quality. At times, a significant portion of the funds may exceed Federal Deposit Insurance Corporation (FDIC) or other insurance limits. As of June 30, 2019, the Foundation had no balances in excess of insured limits.

Credit risk associated with pledges receivable is considered to be limited because of high historical collection rates and because a substantial portion of the amounts outstanding are due from individuals supportive of YLF's mission.

Funding Source Concentrations

No grantors individually provided over 10% of the Foundation's total support and revenue for the year ended June 30, 2019.

NOTE 4 LIQUIDITY AND AVAILABILITY OF RESOURCES

YLF receives significant support through donations. In some cases, a donor's restriction requires resources to be used in a particular manner or in a future period, and the Foundation must maintain sufficient resources to meet those responsibilities to its donors, thus certain financial assets may not be available for general expenditures within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following represents the Foundation's financial assets at June 30:

Youth Leadership Foundation, Inc.

Notes to Financial Statements
Years ended June 30, 2019 and 2018

NOTE 4 LIQUIDITY AND AVAILABILITY OF RESOURCES – CONTINUED

	2019	2018 (Restated)
Cash and cash equivalents	\$ 103,855	\$ 84,298
Pledges receivable, net	319,200	261,720
Prepaid expenses and deposits	33,161	16,146
Total financial assets	\$ 456,216	\$ 362,164
Less amounts not available within one year:		
Time restricted by donor	(148,800)	(133,120)
Amounts board-designated for scholarships	-	(12,871)
Financial assets available to meet cash needs for general expenditures within one year	\$ 307,416	\$ 216,173

NOTE 5 PRIOR-PERIOD ADJUSTMENT

The accompanying financial statements have been restated to correct an error made in prior years. The error relates to an overstatement of accounts receivable and net assets without donor restrictions by \$73,472. The effect of the restatement was to decrease accounts receivable at June 30, 2018, by \$73,472. Net assets at the beginning of at June 30, 2017, has been adjusted for the effect of the restatement on prior years.

NOTE 6 PLEDGES RECEIVABLE

Contributions are recognized when the donor makes a pledge to give to YLF that is, in substance, unconditional. An allowance for uncollectible pledges is recorded based on an analysis of collection histories. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Pledges receivable at June 30 are as follows:

	2019	2018 (Restated)
Pledges receivable	\$ 332,500	\$ 272,625
Less allowance for uncollectibles	(13,300)	(10,905)
Net pledges receivable	\$ 319,200	\$ 261,720
Amounts due in:		
Less than one year	170,400	128,600
One to two years	148,800	133,120
Total	\$ 319,200	\$ 261,720

Youth Leadership Foundation, Inc.

Notes to Financial Statements
Years ended June 30, 2019 and 2018

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
Furniture and fixtures	\$ 17,655	\$ 17,655
Equipment	<u>21,245</u>	<u>21,245</u>
	38,900	38,900
Less accumulated depreciation and amortization	<u>(38,900)</u>	<u>(38,900)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 OPERATING LEASE AND RENTAL EXPENSE

The Foundation has an operating lease agreement for office equipment. Future annual minimum lease payments due under the noncancelable lease as of June 30, 2019, are as follows:

Year ended June 30,

2020	\$ 2,112
2021	2,112
2022	2,112
2023	2,112
2024	<u>528</u>
	<u>\$ 8,976</u>

YLF has a month-to-month rental agreement for office space and leases space for its programs under annual agreements. Rent expense for the years ended June 30, 2019 and 2018, was \$21,135 and \$67,048, respectively.

NOTE 9 LINE OF CREDIT

YLF obtained a \$50,000 line of credit from a bank to provide for short-term cash needs. The loan matures on December 31, 2099, and is secured by certain assets of the organization. Amounts borrowed under this line are evidenced by a promissory note and bear interest at Wall Street prime plus 1.0% per annum. There was an outstanding balance of \$48,429 on this line of credit at June 30, 2019.

Youth Leadership Foundation, Inc.

Notes to Financial Statements
Years ended June 30, 2019 and 2018

NOTE 10 NET ASSETS

Net assets with donor restrictions at June 30, 2019 and 2018, consisted of \$285,000 and \$223,667, respectively, with time limitations. Net assets released from time restriction were \$88,667 for the year ended June 30, 2019.

Net assets without donor restrictions consisted of the following at June 30:

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
Undesignated	\$ 94,754	\$ 60,886
Board-designated scholarship funds	-	12,871
	<u>\$ 94,754</u>	<u>\$ 73,757</u>

20% of net proceeds from the annual Johnny Holliday Scholarship Classic is committed to a board-designated fund. The tournament was not held in the year ended June 30, 2019. In the year ended June 30, 2018, \$33,481 was placed in the fund.

NOTE 11 TRANSACTIONS WITH RELATED PARTIES

In the years ended June 30, 2019 and 2018, the Foundation received contributions and pledges from members of the board of directors. Pledges receivable from board members were \$195,000 and \$115,800 at June 30, 2019 and 2018, respectively.

NOTE 12 RETIREMENT PLAN

YLF sponsors a 401(k) savings Plan covering qualified employees, as defined. The plan is made available to all eligible employees, with no minimum service requirement. Employees are encouraged to make voluntary contributions to the plan up to the maximum limits allowed by law. The Foundation makes a matching contribution of \$0.33 for every dollar contributed by an employee, up to 3%. The Foundation contributed \$2,901 and \$2,948 in matching 401(k) contributions for the years ended June 30, 2019 and 2018, respectively.

NOTE 13 RECLASSIFICATIONS

Certain items in the June 30, 2018, financial statements and notes thereto have been reclassified to match the current year presentation.

Youth Leadership Foundation, Inc.

Notes to Financial Statements
Years ended June 30, 2019 and 2018

NOTE 14 SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. In mid-March, DC Public Schools were closed and will remain closed through the end of the school year. The extent of the impact of COVID-19 on YLF’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on donors, employees and vendors, all of which are uncertain and cannot be predicted. Management has closed the offices and program space and is carefully monitoring the situation. At this point, the extent to which COVID-19 may impact the Foundation’s financial condition or results of operations, particularly the collectability of pledges receivable, is uncertain. No adjustments have been made to these financial statements as a result of this uncertainty.