



**Audited Financial Statements
and Supplementary Information**

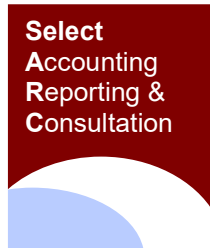
**For the Year Ended June 30, 2018
With Summarized Financial Information
For the year ended June 30, 2017**

Youth Leadership Foundation, Inc.

June 30, 2018

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Independent Auditor's Report On the Financial Statements

To the Board of Directors and Management
of the Youth Leadership Foundation, Inc.

I have audited the accompanying financial statements of Youth Leadership Foundation, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statement of activities and change in net assets and statements of cash flows for the year 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

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 the Youth Leadership Foundation, as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Silver Spring, MD
January 31, 2019

Youth Leadership Foundation, Inc.

Statements of Financial Position

June 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 84,298	\$ 180,854
Pledges receivable, current	130,230	77,772
Prepaid expenses and other current assets	16,146	17,040
Total current assets	230,674	275,666
Pledges receivable, long-term	176,167	
Property and equipment	-	-
Total assets	\$ 406,841	\$ 275,666
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 63,467	\$ 37,129
Other current liabilities	1,273	9,447
Total current liabilities	64,740	46,576
Net Assets		
Without donor restrictions	105,563	222,220
Undesignated		
Designated by board for scholarships	12,871	6,870
Total Unrestricted net assets	118,434	229,090
With donor restrictions	223,667	-
Total net assets	342,101	229,090
Total liabilities and net assets	\$ 406,841	\$ 275,666

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

Youth Leadership Foundation, Inc.

Statement of Activities
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Government grants	\$ 10,000	\$ -	\$ 10,000
Other grants	135,000		135,000
Contributions	254,426	223,667	478,093
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	741,993	223,667	965,660
Expenses			
Program services	623,357		623,357
Supporting services			
Fundraising	142,988		142,988
Management and general	86,304		86,304
Total expenses	852,649		852,649
Change in net assets	(110,656)	223,667	113,011
Net assets, beginning of year	229,090	-	229,090
Net Assets, end of year	\$ 118,434	\$ 223,667	\$ 342,101

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

Youth Leadership Foundation, Inc.

Statement of Activities
Year Ended June 30, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Government grants	\$ 34,000	\$ -	\$ 34,000
Other grants	26,000		26,000
Contributions	436,468		436,468
Donated services	50,000		50,000
Special events, net of direct costs	346,163		346,163
Program revenue	28,211		28,211
Net assets released from restrictions	50,000	(50,000)	
Total support and revenue	970,842	(50,000)	920,842
Expenses			
Program services	653,361		653,361
Supporting services			
Fundraising	141,878		141,878
Management and general	50,912		50,912
Total expenses	846,151		846,151
Change in net assets	124,691	(50,000)	74,691
Net assets, beginning of year	104,399	50,000	154,399
Net Assets, end of year	\$ 229,090	\$ -	\$ 229,090

Youth Leadership Foundation, Inc.

Statements of Cash Flows

<i>Year Ended June 30,</i>	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 113,011	\$ 74,691
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	324
Changes in assets and liabilities:		
Pledges receivable	(228,625)	52,228
Prepaid expenses and other current assets	894	(6,162)
Accounts payable and accrued expenses	26,338	3,030
Deferred revenue	(8,174)	(2,754)
Total adjustments	(209,567)	46,666
Net cash used in operating activities	(96,556)	121,357
Cash flows from financing activities		
Principal payments on loan	-	-
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	(96,556)	121,357
Cash and cash equivalents, beginning of period	180,854	59,497
Cash and cash equivalents, end of period	\$ 84,298	\$ 180,854

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

NOTE 1 ORGANIZATION AND CURRENT PROGRAMS

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 like-minded 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.

NOTE 1 ORGANIZATION AND CURRENT PROGRAMS – CONTINUED

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

Income Tax Status

Youth Leadership Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable income tax laws and regulations of the District of Columbia. YLF is classified as other than a private foundation within the meaning of Section 509(a)(2) of the Internal Revenue Code.

In accordance with FASB ASC 740, *Income Taxes*, management evaluated its activities and believes that it has appropriate support for income tax positions taken. Therefore, management has not identified any uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the accounting standard.

Basis of presentation

Consistent with accounting principles generally accepted in the United States (GAAP), YLF prepares its financial statements on the accrual basis of accounting. Revenue, other than contributions, is recognized when earned and expense is recognized when the obligation is incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. Early application of the ASU is permitted and being implemented by the Foundation for this fiscal year. Under ASU 2016-14, 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of presentation – continued

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 organizational documents and in its application for tax-exempt status.

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Foundation's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due. The unspent balance in the Foundation's board-designated scholarship fund is also reported as net assets with donor 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.

Cash, cash equivalents and investments

For financial statement purposes, YLF considers demand deposits, certificates of deposit with original maturities of less than ninety days at acquisition and money market accounts held for operating purposes to be cash and cash equivalents.

Securities held in money market accounts are treated as investments.

Pledges receivable

YLF records pledges receivable (unconditional promises to give contributions) that are expected to be collected within one year at net realizable value. The Foundation provides for probable losses on pledges receivable using the allowance method. The allowance is determined based on management's experience and collection efforts. Balances that remain outstanding after the Foundation has used reasonable collection efforts are written off.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pledges receivable – continued

Long-term pledges receivable are recognized at fair value (at the time of the donation) and are measured at the present value of the estimated cash flows. In arriving at fair value, the promises to give are discounted using risk-free interest rates. No discount is recorded if management determines that the discount would be immaterial to these financial statements.

Grants and contributions

Grants and contributions are recognized at fair value and are recorded as made. Grants and contributions are considered to be without donor restriction unless specifically communicated by the donor. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When these restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. When restrictions are fulfilled in the same time period as the contribution is received, the Foundation reports such contributions in net assets without donor restrictions.

Special events

YLF conducts special events in which a portion of the gross proceeds represents both a contribution and a payment for the direct benefits received by the participant at the event. Typically, direct benefits to donors relates to the cost of meals and entertainment provided at special events.

Donated services

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 YLF.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Functional expenses

The costs of providing YLF's programs and conducting other activities have been presented on a functional basis in the supplemental information. Costs that can be identified with particular programs or support functions are charged directly to those programs or functions. Indirect costs have been allocated among the programs and supporting services. The costs of providing the various programs and other activities have been presented on a functional basis in the supplemental information. Costs that can be identified with particular programs or support functions are charged directly to those programs or functions. Indirect costs have been allocated among the programs and supporting services based on established percentages.

Pending accounting guidance

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a robust framework for addressing revenue recognition issues and replaces most of the existing revenue recognition guidance, including industry-specific guidance, in current U.S. GAAP. The standard is effective for periods beginning after December 15, 2017. Management is currently evaluating the potential impact that the adoption of this update will have on its financial reporting.

Subsequent events

Management has evaluated subsequent events through January 31, 2019, which is the date that the financial statements were available for issuance.

NOTE 3 CONCENTRATIONS

Credit risk

YLF maintains its cash and cash equivalents in financial institutions. At times, balances held within these accounts may exceed the federally insured limit of \$250,000. As of June 30, 2018, the Foundation had no balances in excess of insured limits.

Market value risk

YLF also maintains funds in a money market account. From time to time, the Foundation receives in-kind contributions in the form of securities. These investments are kept for short periods of time to limit exposure to various risks such as fluctuations in market value and credit risk and to avoid fluctuations in fair value.

Youth Leadership Foundation, Inc.

June 30, 2018

Notes to the Financial Statements

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment valued at \$750 or greater are capitalized and recorded at cost, if purchased, or fair value, if donated. Depreciation is recorded 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. For leasehold improvements acquired in connection with an operating lease, the amortization period is the shorter of the useful life of the leasehold improvement or the lease term (including renewal periods that are reasonably assured).

Property and equipment consisted of the following at June 30:

	2018	2017
Furniture and fixtures	\$ 17,655	\$ 17,655
Equipment	<u>21,245</u>	<u>21,245</u>
	38,900	38,900
Less accumulated depreciation	<u>(38,900)</u>	<u>(38,900)</u>
	<u>\$ 0</u>	<u>\$ 0</u>

NOTE 5 LINE OF CREDIT

In September 2017, 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 no outstanding balance on this line of credit at June 30, 2018.

NOTE 6 NET ASSETS

Net assets without donor restrictions include both undesignated funds and amounts relating to the Johnny Holliday Scholarship Fund. YLF committed to contributing 20% of the net proceeds from the annual Johnny Holliday Scholarship Classic to the fund. Scholarships awarded for the year ended June 30, 2018, were \$21,110.

Net assets without donor restrictions were \$123,894 and \$229,089 at June 30, 2018 and 2017, respectively. Net assets without donor restrictions at June 30, 2017, includes \$12,871 designated for scholarships.

Youth Leadership Foundation, Inc.

June 30, 2018

Notes to the Financial Statements

NOTE 6 NET ASSETS – CONTINUED

Net assets with donor restrictions at June 30, 2018, consisted of \$223,667 with time limitations. This amount includes \$176,667 of long-term pledges receivable. There were no temporarily restricted net assets at June 30, 2017.

NOTE 7 DONATED SERVICES

YLF relies on contributions of time from its pool of volunteers. Volunteers work on all aspects of the Foundation's operations, including program and event staffing, and some volunteers provide special expertise. YLF's volunteers donate thousands of hours of service, the total value of which cannot be easily calculated or estimated, yet these volunteers contribute significantly to the work, impact, and success of YLF.

NOTE 8 OPERATING LEASES AND RENTAL EXPENSES

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, 2018 and 2017, were \$67,048 and \$51,504, respectively.

NOTE 9 SPECIAL EVENTS

YLF holds the Johnny Holliday Scholarship Classic golf tournament, the Spirit of Service awards dinner and the 5k Race for DC Kids. Special event activity is summarized as follows for the years ended June 30:

	2018	2017
Contributions	\$ 447,677	\$ 451,348
Less: Direct Costs	<u>(124,269)</u>	<u>(105,185)</u>
	<u>\$ 323,408</u>	<u>\$ 346,163</u>

NOTE 10 RETIREMENT PLAN

During the year ended June 30, 2016, YLF adopted the Automatic Data Processing Prototype 401(k) and Profit Sharing Plan. The plan is made available to all eligible employees, with no minimum service requirement. The retirement plan qualifies as tax deferred plans under Internal Revenue Code Section 401(k). The plan is a defined contribution plan.

NOTE 10 RETIREMENT PLAN – CONTINUED

In accordance with generally accepted accounting principles relating to defined contribution plans, YLF records the net pension cost of the plan equal to the required contribution for the year. YLF pays its portion of the premiums under the plan and records a liability for any unpaid contributions owed at the end of each year.

Under the plan, YLF will, at its discretion, match \$0.33 for every dollar contributed by an employee up to 3% of regular pay. YLF's contributions under the retirement plan for the years ended June 30, 2018 and 2017 totaled \$2,948 and \$2,938, respectively.

NOTE 11 SUBSEQUENT EVENTS

In August 2018, YLF borrowed \$50,000 against the line of credit and has repaid \$2,753. No other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

SUPPLEMENTAL INFORMATION

Youth Leadership Foundation, Inc.

Schedule of Functional Expenses

Year Ended June 30, 2018

	Program Services	Supporting Services		Total
		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
Other Expenses	1,763	215	324	2,302
Total Expenses	\$ 623,357	\$ 86,304	\$ 142,988	\$ 852,649