SCHALL & ASHENFARB Certified Public Accountants, LLC

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AMERICA NEEDS YOU

Audited Financial Statements

June 30, 2019

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Independent Auditor's Report

To the Board of Directors of
America Needs You

Report on the Financial Statements

We have audited the accompanying financial statements of America Needs You (the "Organization"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

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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 America Needs You as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

January 22, 2020

AMERICA NEEDS YOU
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2019
(With comparative totals at June 30, 2018)

	6/30/19	6/30/18
Assets		
Cash and cash equivalents	$425,689	$925,591
Investments (Note 3)	759,327	662,419
Pledges receivable (Note 4)	1,229,568	797,164
Prepaid expenses	132,846	121,177
Fixed assets, net (Note 5)	69,088	37,453
Security deposit	27,870	70,770
Total assets	$2,644,388	$2,614,574
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$82,212	$33,280
Conditional contributions	27,696	116,229
Deferred rent	46,208	0
Total liabilities	156,116	149,509
Net assets:		
Without donor restrictions	1,534,953	1,434,815
With donor restrictions (Note 6)	953,319	1,030,250
Total net assets	2,488,272	2,465,065
Total liabilities and net assets	$2,644,388	$2,614,574

The attached notes and auditor's report are an integral part of these financial statements.

AMERICA NEEDS YOU
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/19	Total 6/30/18*
Public support and revenue:				
Contributions	$1,112,549	$958,861	$2,071,410	$2,586,270
Special events income (net of expenses with a direct benefit to donor) (Note 7)	1,353,714		1,353,714	1,134,912
Interest and dividend income	19,659		19,659	25,788
Net assets released from restrictions (Note 6)	1,035,792	(1,035,792)	0	0
Total public support and revenue	3,521,714	(76,931)	3,444,783	3,746,970
Expenses:				
Program services	2,559,104		2,559,104	2,426,663
Supporting services:				
Management and general	382,107		382,107	314,384
Fundraising	501,562		501,562	454,271
Total supporting services	883,669	0	883,669	768,655
Total expenses	3,442,773	0	3,442,773	3,195,318
Change in net assets from operating activities	78,941	(76,931)	2,010	551,652
Non-operating activities:				
Gains/(losses) on investments, net of fees (Note 3)	21,197		21,197	(2,659)
Total non-operating activities	21,197	0	21,197	(2,659)
Change in net assets	100,138	(76,931)	23,207	548,993
Net assets - beginning of year	1,434,815	1,030,250	2,465,065	1,916,072
Net assets - end of year	$1,534,953	$953,319	$2,488,272	$2,465,065

* Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

AMERICA NEEDS YOU
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total 6/30/19	Total 6/30/18*
Salaries	$1,375,525	$162,840	$355,289	$518,129	$1,893,654	$1,725,154
Payroll taxes and benefits	250,598	28,820	49,846	78,666	329,264	277,265
Professional fees	3,100	91,799		91,799	94,899	69,484
Special event expenses			347,979	347,979	347,979	255,185
Program expenses	609,552			0	609,552	593,054
Office expenses	93,811	36,586	23,873	60,459	154,270	149,702
Equipment and service contracts	28,235	3,343	7,293	10,636	38,871	35,280
Telephone	30,234	3,580	7,809	11,389	41,623	39,486
Printing and copying	13,840	3,823	1,354	5,177	19,017	15,149
Insurance	4,114	487	1,062	1,549	5,663	5,181
Occupancy	137,177	16,240	35,432	51,672	188,849	206,391
Bank fees		33,060		33,060	33,060	33,528
Bad debt expense				0	0	8,280
Depreciation and amortization	12,918	1,529	3,336	4,865	17,783	11,519
Total expenses	2,559,104	382,107	833,273	1,215,380	3,774,484	3,424,658
Direct special event expenses netted with revenue			(331,711)	(331,711)	(331,711)	(229,340)
Total expenses for statement of activities	$2,559,104	$382,107	$501,562	$883,669	$3,442,773	$3,195,318

* Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

AMERICA NEEDS YOU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

	6/30/19	6/30/18
Cash flows from operating activities:		
Change in net assets	$23,207	$548,993
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation and amortization	17,783	11,519
Realized and unrealized gain on investments	(24,261)	(1,276)
Changes in assets and liabilities:		
Pledges receivable	(432,404)	(97,611)
Prepaid expenses	(11,669)	(10,806)
Security deposit	42,900	(27,870)
Accounts payable and accrued expenses	48,932	(2,089)
Conditional contributions	(88,533)	86,229
Deferred rent	46,208	(32,633)
Total adjustments	(401,044)	(74,537)
Net cash flows (used for)/provided by operating activities	(377,837)	474,456
Cash flows from investing activities:		
Purchase of investments and reinvested interest	(16,104)	(21,551)
Transfers from cash to investments	(56,543)	0
Fixed asset purchases	(49,418)	(27,772)
Net cash flows used for investing activities	(122,065)	(49,323)
Net (decrease)/increase in cash and cash equivalents	(499,902)	425,133
Cash and cash equivalents - beginning of year	925,591	500,458
Cash and cash equivalents - end of year	$425,689	$925,591
Supplemental disclosures:		
Taxes paid	$10,200	$0
Interest paid	$0	$0

The attached notes and auditor's report are an integral part of these financial statements.

AMERICA NEEDS YOU
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Organization

America Needs You (the "Organization"), formerly known as New York Needs You, was incorporated on July 7, 2009 in New York State. The Organization fights for economic mobility for ambitious, first-generation college students by providing transformative mentorship and intensive career development.

The Organization has been notified by the Internal Revenue Service that it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. They have not been designated as a private foundation.

Note 2. Summary of Significant Accounting Policies

a. Basis of Accounting
The financial statements of the Organization have been prepared on the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

Effective July 1, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 10).

Implementation of ASU 2016-14 did not require any reclassification or restatement of opening balances related to the periods presented.

b. Basis of Presentation
The Organization reports information regarding its financial position and activities according to the following classes of net assets:

- *New Assets without Donor Restrictions* – represents all activity without donor-imposed restrictions.

- *Net Assets with Donor Restrictions* - represents those resources, the uses of which have been restricted by donors for a specific purpose or the passage of time.

c. Revenue Recognition

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using a risk adjusted discount rate. Conditional contributions are recognized as income when the conditions have been substantially met.

d. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Non-operating activities are limited to the realized and unrealized gains/(losses) on investments, net of investment fees.

e. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents (excluding cash held as part of the investment portfolio.)

f. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist of cash, money market accounts and investment securities which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits, and, at year end, there were uninsured balances. Management feels they have little risk and has not experienced any losses due to bank failure.

The market value of investments is subject to fluctuation; however, management believes the investment policy is prudent for the long-term welfare of the Organization.

g. Pledges Receivable

Pledges receivable are recognized in the period the promise is considered unconditional in nature. If receipt is expected within one year, the pledge is recorded at net realizable value, but if expected in more than one year, it is recorded at fair value using risk-adjusted present value techniques.

h. Allowance for Uncollectible Accounts

The Organization reviews all outstanding receivables for collectability based on the creditworthiness and age of the receivables. Based on this review it has been determined that no allowance for doubtful accounts was necessary as of June 30, 2019 or 2018. Pledges receivable are written off directly to expense when all reasonable collection efforts have been exhausted.

i. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrealized and realized gains/(losses), net of investment fees, are included in non-operating activity as investment return on the statement of activities.

j. Fixed Assets

Fixed assets that the Organization retains title to and which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Depreciation is recorded using the straight-line method over the assets estimated useful life. All fixed assets are fully depreciated.

k. Deferred Rent

The Organization recognizes rent expense on the straight-line method and records deferred rent for the cumulative amount that expenses exceed actual payments. In latter stages of the lease, deferred rent will be reduced as the amount of payments exceeds the expense recorded.

l. Donated Services

Donated services are recognized in circumstances where the service creates or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

m. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

n. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

The following expenses were allocated using time and effort as the basis:

- Salaries

The following expenses were allocated using salary allocation as the basis:

- Payroll taxes and benefits
- Office expenses
- Equipment and service contracts
- Telephone
- Insurance
- Occupancy
- Depreciation and amortization

All other expenses have been charged directly to the applicable program or supporting services.

o. Accounting for Uncertainty of Income Taxes
The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2016 and later are subject to examination by applicable taxing authorities.

p. Prior-Year Comparative Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018 from which the summarized information was derived.

q. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through January 22, 2020, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

r. New Accounting Pronouncement
The Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The ASU, which becomes effective for the June 30, 2020 year, provides guidance on whether a receipt from a third-party resource provider should be accounted for as a contribution (nonreciprocal transaction) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transaction.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers.* The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied. This ASU does not apply to contributions.

FASB issued ASU No. 2016-02, *Leases.* The ASU which becomes effective for the June 30, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

The Organization is in the process of evaluating the impact these standards will have on future financial statements.

Note 3. Investments

Accounting standards establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. That would include data obtained from sources independent of the Organization.

The fair value hierarchy is categorized into three levels based on these inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments consist of the following:

	June 30, 2019		
	Market	Level 1	Level 2
Mutual funds – equity	$101,072	$101,072	$0
Common stock	135,530	135,530	0
Mutual funds – fixed income	493,809	493,809	0
Mutual funds – alternative	504	504	0
Exchange traded and closed end funds	21,215	21,215	0
	752,130	752,130	0
Money funds	7,197	0	7,197
Total	$759,327	$752,130	$7,197

	June 30, 2018		
	Market	Level 1	Level 2
Mutual funds – equity	$93,120	$93,120	$0
Mutual funds – fixed income	253,653	253,653	0
Mutual funds – alternative	22,291	22,291	0
Exchange traded and closed end funds	263,954	263,954	0
	633,018	633,018	0
Money funds	29,401	0	29,401
Total	$662,419	$633,018	$29,401

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned.

Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Gains/(losses) on investments, net of fees, consist of the following:

	6/30/19	6/30/18
Realized loss on investments	($1,450)	$0
Unrealized gain on investments	25,711	1,276
Investment fee	(3,064)	(3,935)
Total	$21,197	($2,659)

Note 4. Pledges Receivable

Pledges receivable are due in the following periods:

Year ending:	June 30, 2020	$1,096,568
	June 30, 2021	100,000
	June 30, 2022	20,000
	June 30, 2023	20,000
		1,236,568
Less: present value discount (2%)		(7,000)
Total		$1,229,568

Note 5. Fixed Assets

Fixed assets consist of the following:

	6/30/19	6/30/18
Furniture and equipment *(3 to 7 years)*	$94,795	$74,877
Donor management software *(5 years)*	51,683	22,183
	146,478	97,060
Less: accumulated depreciation and amortization	(77,390)	(59,607)
Total fixed assets	$69,088	$37,453

Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	June 30, 2019			
	Balance 7/1/18	Contributions	Released from Restrictions	Balance 6/30/19
Programs:				
Fellows Program	$325,000	$250,000	($375,000)	$200,000
Fund for Fellows in Need	0	45,000	(2,500)	42,500
Illinois Operations	100,000	100,000	(110,000)	90,000
Strategic Plan Implementation	100,000	0	(100,000)	0
Scholars Program	332,750	456,500	(370,792)	418,458
Total programs	857,750	851,500	(958,292)	750,958
Time restricted	172,500	107,361	(77,500)	202,361
Total	$1,030,250	$958,861	($1,035,792)	$953,319

	June 30, 2018			
	Balance 7/1/17	Contributions	Released from Restrictions	Balance 6/30/18
Programs:				
Fellows Program	$311,000	$225,000	($211,000)	$325,000
New York Operations	50,000	0	(50,000)	0
Illinois Operations	0	200,000	(100,000)	100,000
Strategic Plan Implementation	0	200,000	(100,000)	100,000
Scholars Program	222,111	360,500	(249,861)	332,750
Total programs	583,111	985,500	(710,861)	857,750
Time restricted	74,902	172,500	(74,902)	172,500
Total	$658,013	$1,158,000	($785,763)	$1,030,250

Note 7. Special Events

The Organization hosts multiple special events throughout the year. The special events can be summarized as follows:

	June 30, 2019			
	Gala	YLB Events	Other	Total
Gross revenue	$1,288,417	$179,742	$217,266	$1,685,425
Less: expenses with a direct benefit to donors	(223,583)	(36,507)	(71,621)	(331,711)
	1,064,834	143,235	145,645	1,353,714
Less: other event expenses	(3,528)	(1,860)	(10,880)	(16,268)
Total	$1,061,306	$141,375	$134,765	$1,337,446

	June 30, 2018			
	Gala	YLB Events	Other	Total
Gross revenue	$1,063,088	$204,037	$97,127	$1,364,252
Less: expenses with a direct benefit to donors	(181,016)	(20,779)	(27,545)	(229,340)
	882,072	183,258	69,582	1,134,912
Less: other event expenses	(14,925)	(8,837)	(2,083)	(25,845)
Total	$867,147	$174,421	$67,499	$1,109,067

Note 8. Commitments

The Organization occupies office space under a lease agreement that expires on June 30, 2025. The following schedule outlines the future minimum payments for this lease:

Year ending:	June 30, 2020	$170,568
	June 30, 2021	173,976
	June 30, 2022	177,456
	June 30, 2023	181,008
	June 30, 2024	184,620
	Thereafter	188,316
Total		$1,075,944

Note 9. Employee Benefit Plan

Effective November 1, 2013, the Organization set up a tax deferred annuity plan in accordance with the Internal Revenue Service Code Section 403(b). The plan allows employees to voluntarily contribute a portion of their salary (limited by statutory rates) to the plan to be used for retirement. The Organization may on an annual basis provide a match to employees. There were no employer contributions made to the plan for the years ended June 30, 2019 or 2018.

Note 10. Availability and Liquidity

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for ongoing operations. As part of its liquidity management, the Organization operates its programs within a board approved budget and relies on contributions and special event income to fund its operations and program activities.

The following reflects the Organization's financial assets at June 30, 2019 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	$425,689	
Investments	759,327	
Pledges receivable	1,096,568	
Total financial assets		$2,281,584
Less amounts not available for general expenditures:		
Donor contributions restricted to specific purposes		(750,958)
Financial assets available to meet cash needs for general expenditures within one year		$1,530,626