

**YOUNG EISNER SCHOLARS  
(dba YES)**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2020**

**VASIN, HEYN & COMPANY**

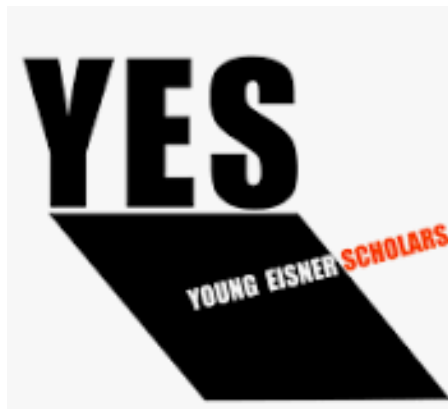
*ABOVE THE BRIGHT LINE*

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AN ACCOUNTANCY CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**YOUNG EISNER SCHOLARS  
(dba YES)  
(A California Non-Profit Corporation)  
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# VASIN, HEYN & COMPANY

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AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Young Eisner Scholars (dba YES)  
(A California Non-Profit Corporation)  
Inglewood, California

We have audited the accompanying financial statements of Young Eisner Scholars (dba YES), (A California Non-Profit Corporation), which comprise the statement of financial position as of August 31, 2020, 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.

### *Auditors' 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 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 auditors' 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, 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.

## INDEPENDENT AUDITORS' REPORT - Continued

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Eisner Scholars as of August 31, 2020, 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 described in Note 13 to the financial statements, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic on March 11, 2020 and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

### *Change in Accounting Principle*

As described in Note 2 to the financial statements, Young Eisner Scholars (YES) has adopted ASU 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

### *Report on Summarized Comparative Information*

We previously audited Young Eisner Scholars' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Young Eisner Scholars.

*Yorwin, Hays + Co.*

Calabasas, California  
March 18, 2021

**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 986,345	\$ 243,124
Promises to give, net of allowance	699,362	1,040,558
Student loans receivable	9,435	18,702
Investments	2,643,730	2,549,785
Deposits and prepaid expenses	89,168	94,080
Property and equipment, net	<u>19,683</u>	<u>27,556</u>
 Total assets	 <u>\$ 4,447,723</u>	 <u>\$ 3,973,805</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 24,889	\$ 115,555
Accrued payroll and related liabilities	44,156	5,392
Deferred revenue	315,001	-
Paycheck Protection Program Loan	<u>183,690</u>	<u>-</u>
 Total liabilities	 567,736	 120,947
 <b>COMMITMENTS AND CONTINGENCIES</b>		
 <b>NET ASSETS</b>		
Without donor restrictions	3,521,468	3,197,561
With donor restrictions	<u>358,519</u>	<u>655,297</u>
 Total net assets	 <u>3,879,987</u>	 <u>3,852,858</u>
 Total liabilities and net assets	 <u>\$ 4,447,723</u>	 <u>\$ 3,973,805</u>

See accompanying auditors' report and notes to financial statements

**YOUNG EISNER SCHOLARS  
(dba YES)  
(A California Non-Profit Corporation)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
<b>REVENUE, SUPPORT AND RESTRICTIONS RELEASED</b>				
Contributions and grants	\$ 1,397,517	\$ 254,000	\$ 1,651,517	\$ 1,881,238
In-kind contributions	44,460	-	44,460	56,460
Interest and dividends earned	82,722	-	82,722	82,851
Realized and unrealized gain(loss) on investments, net	36,137	-	36,137	126,789
Other revenue	22,250	-	22,250	-
Restrictions released	<u>550,778</u>	<u>(550,778)</u>	<u>-</u>	<u>-</u>
 Total revenue, support and restrictions released	 2,133,864	 (296,778)	 1,837,086	 2,147,338
<b>EXPENSES</b>				
Program services	1,542,025	-	1,542,025	1,591,953
Support services	142,196	-	142,196	358,944
Fundraising expenses	<u>125,736</u>	<u>-</u>	<u>125,736</u>	<u>121,333</u>
 Total expenses	 <u>1,809,957</u>	 <u>-</u>	 <u>1,809,957</u>	 <u>2,072,230</u>
 <b>CHANGE IN NET ASSETS</b>	 323,907	 (296,778)	 27,129	 75,108
<b>NET ASSETS - beginning of year</b>	<u>3,197,561</u>	<u>655,297</u>	<u>3,852,858</u>	<u>3,777,750</u>
 <b>NET ASSETS - end of year</b>	 <u>\$ 3,521,468</u>	 <u>\$ 358,519</u>	 <u>\$ 3,879,987</u>	 <u>\$ 3,852,858</u>

See accompanying auditors' report and notes to financial statements

**YOUNG EISNER SCHOLARS  
(dba YES)  
(A California Non-Profit Corporation)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>Program Services</u>	<u>Support Services</u>	<u>Fund- raising</u>	<u>2020 Total Expenses</u>	<u>2019 Total Expenses</u>
<b>Salaries and related expenses</b>					
Salaries	\$ 733,729	\$ 76,732	\$ 69,427	\$ 879,888	\$ 894,609
Payroll taxes	49,149	5,999	5,015	60,163	61,447
Employee benefits	<u>69,772</u>	<u>15,384</u>	<u>5,132</u>	<u>90,288</u>	<u>94,887</u>
	852,650	98,115	79,574	1,030,339	1,050,943
<b>Other Expenses</b>					
Student tuition	195,840	-	-	195,840	273,750
Student support, Summer programs	41,125	198	-	41,323	114,944
Field trips and events	7,430	-	-	7,430	-
Student housing	82,156	-	-	82,156	40,591
Student support, medical	13,613	-	-	13,613	10,300
Student support, travel	63,293	934	20	64,247	62,803
Testing and application fee	1,245	-	-	1,245	-
Student test prep fees and dues	29,457	-	-	29,457	29,335
Student support, financial aid	4,668	-	-	4,668	1,612
Stipends	-	-	495	495	4,042
Volunteer	88	252	301	641	171
Public relations	23,884	-	868	24,752	2,862
Travel	15,781	1,102	5,874	22,757	96,194
Advertising	18	-	15,000	15,018	-
Auto expense	40	1,744	-	1,784	2,379
Conferences and meetings	223	926	216	1,365	1,162
Meals	28,697	176	-	28,873	47,619
Education and training	2,150	185	-	2,335	3,171
Professional fees	98,014	11,198	9,082	118,294	132,030
Outside services	-	-	-	-	16,090
Supplies	171	1,934	-	2,105	7,056
Equipment rental and maintenance	-	2,143	-	2,143	2,819
Small equipment	694	143	-	837	891
Computer expenses	14,357	-	-	14,357	12,054
Website expense	80	636	137	853	6,084
Postage and delivery	768	1,119	-	1,887	1,861
Printing	512	1,467	-	1,979	941
Telephone	-	917	-	917	320
Rent and utilities	3,500	-	-	3,500	9,500
Repairs and maintenance	-	585	-	585	-
Taxes and licenses	931	313	-	1,244	1,291
Insurance	14,449	1,651	1,339	17,439	14,265
Bank fees	-	7,019	1,900	8,919	6,881
Dues and subscriptions	766	4,484	273	5,523	9,217
In-kind, facilities	36,838	4,209	3,413	44,460	56,460
Depreciation	6,523	746	604	7,873	7,873
Miscellaneous expense	2,064	-	6,640	8,704	16,469
Unmet promises to give	-	-	-	-	28,250
Total expenses	<u>\$ 1,542,025</u>	<u>\$ 142,196</u>	<u>\$ 125,736</u>	<u>\$ 1,809,957</u>	<u>\$ 2,072,230</u>
	<u>85.20%</u>	<u>7.85%</u>	<u>6.95%</u>	<u>100.00%</u>	

See accompanying auditors' report and notes to financial statements

**YOUNG EISNER SCHOLARS  
(dba YES)  
(A California Non-Profit Corporation)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 27,129	\$ 75,108
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	7,873	7,873
Unmet promises to give, receivable	-	28,250
Donated stock	(100,426)	(10,161)
Realized & unrealized (gain)loss on investments, net	(36,137)	(126,789)
(Increase) decrease in:		
Promises to give, net of allowance	341,196	143,069
Student loans receivable	9,267	(18,702)
Deposits and prepaid expenses	4,912	(43,529)
Increase (decrease) in:		
Accounts payable and accrued expenses	(90,666)	97,925
Accrued payroll and related liabilities	38,764	(38,768)
Deferred revenue	315,001	-
Total adjustments	489,784	39,168
Net Cash Provided (Used) by Operating Activities	516,913	114,276
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments, net	125,431	16,249
Dividends from investments reinvested	(82,813)	(82,780)
Net Cash Provided (Used) by Investing Activities	42,618	(66,531)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowing from Paycheck Protection Program loan	183,690	-
Net Cash Provided (Used) by Financing Activities	183,690	-
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	743,221	47,745
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	243,124	195,379
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 986,345	\$ 243,124
 <b>Supplementary Disclosures:</b>		
In-kind contributions	\$ 44,460	\$ 56,460

See accompanying auditors' report and notes to financial statements



**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**1. ORGANIZATION**

Young Eisner Scholars was founded pursuant to the California Non-Profit Public Benefit Corporation laws and conducts its activities exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the U.S. Internal Revenue Code of 1954 under which it is qualified as a tax-exempt organization.

Dedicated to promoting America's promise of equal opportunity for equal talent, Young Eisner Scholars identifies promising young students from low-income communities and equips them with the resources, support, and skills required for success through high school, college, and career. While half of all people from high-income families have a bachelor's degree by age 25, just 1 in 10 people from low-income families do. College persistence is just as significant -- less than a quarter of first generation students persist after their first year of college. At YES, over 90% of our scholars are first generation college students, and 85% are low or super-low income -- and not only are 100% of YES scholars accepted to college, but 93% of YES scholars graduate!

These remarkable numbers are a testament to the success of our model. YES spends an average of \$40,000 to financially support a scholar from the 6th grade through college graduation. Although tuition payments and supplemental collegiate costs for our college students account for the largest portion of YES expenses, our long-term holistic programming focuses on providing the essential preparation necessary for our scholars to become competitive candidates for college acceptance and later, career success. Our middle school students receive daily school-day education enrichment programs, high school admittance counseling, books, preparatory courses for the Independent School Entrance Exam. Our high school students receive free professional SAT and ACT preparatory courses, unrestricted access to academic tutoring, internship opportunities, and personalized assistance through the college admissions process, from financial aid workshops to personal statement seminars. Middle school and high school students alike participate in our robust summer programming. While attending university, our Scholars are provided career development activities, internship opportunities, and personalized college advising. Additionally, YES provides generous financial support for tuition, testing fees, indirect school fees, travel, medical costs, and other key elements that lock so many low-income students out of higher education. In addition to our rigorous academic programming, YES provides crucial social immersion opportunities for Scholars to build cultural capital. Additionally, YES provides access to mental health, legal, and medical resources to ensure student/family health and wellness.

**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**1. ORGANIZATION - Continued**

Originating in Los Angeles, Young Eisner Scholars serves scholars from over 60 zip codes across greater Los Angeles County: from East L.A., Boyle Heights, and MacArthur Park to Watts, Inglewood, and South LA. Young Eisner Scholars has expanded nationwide to include cohorts in New York City (serving Central Harlem & South Bronx), Chicago (serving the South Side and West Side), and rural Appalachian North Carolina. Young Eisner Scholars are attending the most competitive high schools, colleges, and graduate programs (including Harvard, Yale, and Stanford) across the nation and excelling in profitable careers spanning every field - from medicine, law, and media to finance and engineering). Our current college scholars are attending 88 colleges and universities in 23 states. 73% of current YES college and graduate students attend schools on the US News & World Report "Top 100 List." YES graduate students are in dental, medical, and law school, as well as numerous and varied graduate programs. Graduates are enjoying successful careers at companies including Apple, Morgan Stanley, NPR, Google, KPMG, Hogan Lovells LLP, UTA, Goldman Sachs, The National Parks Service, The Whitney Museum, and Mercedes Benz. As more and more students use Young Eisner Scholars as a springboard to a better life, they serve as role models for a new generation and revitalize their home neighborhoods. Young Eisner Scholars currently serves over 700 students and is growing at a rate of 45-60 new students each year.

Young Eisner Scholars prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by Young Eisner Scholars are described below to enhance the usefulness and understandability of the financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting.

*Net Assets*

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, 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) imposed 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 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.

**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Net Assets – Continued*

All revenues and net gains are reported as increases in net assets without donor restrictions in the Statement of Activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses are reported as decreases in net assets without donor restrictions

*Cash and Cash Equivalents*

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. At year-end, and throughout the year, Young Eisner Scholars' cash balances exceeded federally insured limits. Management believes Young Eisner Scholars is not exposed to any significant credit risk on cash and cash equivalents.

*Promises to Give, Net of Allowance*

Promises to give were recognized at fair value of the promise. Management provides for probable uncollectible amounts through a provision for an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. The allowance for doubtful accounts balance at August 31, 2020 was \$38,750.

*Student Loans Receivable*

Young Eisner Scholar provides loans to students based on grades and needs. These Student loans range from \$1,000 to \$5,000 and are interest free with no collateral requirements. These loans are short term and are due within one year when the school year ends. Some of the loans are eligible for renewal. Due to the low past due rate with these loans, they are reviewed annually and allowance for doubtful accounts is established to account any potential uncollectable loan amounts.

*Investments*

Investments in marketable securities with readily redeemable fair values and all investments in debt securities are carried at their fair market values in the Statement of Financial Position. Unrealized gains and losses (including investments brought, sold, and held during the year) are included in the Statement of Activities as gain (loss) on investments.

*Deposits and Prepaid Expenses*

Prepaid expenses and deposits consist of school tuitions, tutors, and insurance expenses and are expensed ratably over their respective terms of agreement.

**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Property and Equipment, Net*

Land, buildings, property, and equipment are reported in the Statement of Financial Position at cost, if purchased, and at fair value at the date of donation, if donated. All land, buildings, and property are capitalized. Young Eisner Scholars' assets will be capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Property, consisting primarily of equipment, is depreciated on a straight-line basis over estimated useful lives, generally three to five years. Fully depreciated assets are retained in the accounts at their estimated salvage value until their retirement. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Leasehold improvements	5 years
Vehicles	5 years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

*Deferred Revenue*

Deferred revenue consists of advance payments for a fundraising event.

*Revenue Recognition*

Young Eisner Scholars receives revenues mostly from contributions and grants from foundations, corporations or individuals (either with donor restrictions or without donor restrictions), and proceeds from fundraising events. All contributions are recognized when received though releases from net assets with donor restricted contributions are based on the timing of restrictions being met. Revenues from events, if paid in advance, are deferred to period in which the event takes place. Otherwise, they are recognized as received if the event is in the same fiscal year.

*Donated Goods and Services*

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of stock are sold when received and recorded based on value received.

**YOUNG EISNER SCHOLARS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Income Taxes*

Young Eisner Scholars is a nonprofit organization exempt from taxation under Internal Revenue Code 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision for income taxes is included in the financial statements.

In addition, Young Eisner Scholars has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(c) of the code. Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Young Eisner Scholars in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

Young Eisner Scholars returns for tax years ended August 31: 2019, 2018 and 2017, are subject to examination by federal and state taxing authorities, generally for 3 years after they were filed. As of and for the year ended August 31, 2020, Young Eisner Scholars had no material unrecognized tax benefits, tax penalties or interest.

*Expense Recognition and Allocation*

The cost of providing Young Eisner Scholars' programs and other activities is summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions based on total salary expense or on the time and effort of employees.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of Young Eisner Scholars.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Young Eisner Scholars generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

**YOUNG EISNER SCHOLARS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Accounting Pronouncements Adopted*

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determine whether a contribution is conditional. The ASU is effective for fiscal year beginning after December 15, 2018 and as a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of September 1, 2019. There was no financial effect of adopting the new accounting principles on contributions for the year ended August 31, 2020.

*Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, Young Eisner Scholars' management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Young Eisner Scholars' management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

*Reclassifications*

Certain amounts in the 2019 comparative totals have been reclassified to conform with the 2020 reporting format

*Comparative Totals*

The financial statements include certain prior-year summarized comparative information. 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 Young Eisner Scholars financial statements for the year ended August 31, 2019, from which the summarized information was derived.

**YOUNG EISNER SCHOLARS  
(dba YES)  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Fair Value Measurements*

General accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level.

- *Level 1* - Quoted prices in active markets for identical assets.
- *Level 2* - Quoted prices in active or inactive markets for the same or similar Assets.
- *Level 3* - Estimates using the best information available when there is little or no market.

The carrying amounts of cash and cash equivalents, and promises to give approximate fair value because of the terms and relatively short maturity of these financial instruments. The mutual funds and stocks are valued at quoted market prices, which represent the net asset value held by Young Eisner Scholars at year end.

The carrying amounts of liabilities approximate fair value because of the relatively short maturity of these financial instruments.

When available, Young Eisner Scholars measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

**3. PROMISES TO GIVE, NET OF ALLOWANCE**

Promises to give are measured as Level 1 inputs using market prices and are stated at fair value. Promises to give at August 31, 2020 are as follows:

	Amounts
Receivable in less than one year	\$ 340,000
Receivable in one to five years	435,000
Total Promises to Give	775,000
Less unamortized discount at 5%	(36,888)
Less 5% allowance	(38,750)
Promises to Give, Net of Allowance	\$ 699,362

The unamortized discount is based on a risk free rate and additional market risk factor.

**YOUNG EISNER SCHOLARS**  
**(dba YES)**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**  
**(CONTINUED)**

**4. INVESTMENTS**

Young Eisner Scholars values its investments at fair value. Unrealized gains or losses (including investments brought, sold and held during the year) are reflected in the Statement of Activities as gain or (loss) on investments. All assets reported at fair value at August 31, 2020 are Level 1 inputs.

Investments consist of the following at August 31, 2020 and are measured at fair value:

	<u>Total</u>	<u>Level 1</u>
Mutual Funds	\$ 624,023	\$ 624,023
Stocks	<u>2,019,707</u>	<u>2,019,707</u>
Total investments	<u>\$ 2,643,730</u>	<u>\$ 2,643,730</u>

At August 31, 2020, Young Eisner Scholars does not have any investments measured using Level 2 or 3 inputs.

The composition of the investment return reported in the Statement of Activities as of August 31, 2020 is as follows:

	<u>Amounts</u>
Interest and dividends earned	\$ 82,722
Realized and Unrealized gain(loss) on investments, net	<u>36,137</u>
Total investment return	<u>\$ 118,859</u>

**5. PROPERTY AND EQUIPMENT, NET**

Property and equipment consists of the following at August 31, 2020:

	<u>Amounts</u>
Leasehold Improvements	\$ 8,655
Vehicles	<u>74,660</u>
	83,315
Less: Accumulated Depreciation	<u>(63,632)</u>
Property and Equipment, net	<u>\$ 19,683</u>

Total depreciation expense for the year ended August 31, 2020 was \$7,873.



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**6. DEFERRED REVENUE**

Young Eisner Scholars received sponsorships, table purchases and registrations revenue for its annual fundraising event to be held during FY 2019-20. Due to the Pandemic, the event was postponed and these revenues of \$315,001 were deferred. At this time, the next fundraising event is expected to be held in FY 2021-22 when the deferred revenues will be recognized as income.

**7. PAYCHECK PROTECTION PROGRAM LOAN (PPP)**

In April, 2020, Young Eisner Scholars applied for and received a Paycheck Protection Program (PPP) loan from the Small Business Association (SBA) in the amount of \$183,690. The loan has a rate of 1.0% and is due in five years, unless forgiven. In order to be forgiven, Young Eisner Scholars must meet certain criteria as stipulated in the loan document. At this time, Management believes the entire PPP loan will be forgiven given the criteria.

**8. COMMITMENTS**

Young Eisner Scholars has entered into equipment lease agreement with Ricoh expiring July 30, 2023. Future minimum rental payments under non-cancelable leases are as follows:

<u>Year Ending August 31,</u>	<u>Amounts</u>
2021	\$ 1,572
2022	1,572
2023	<u>1,572</u>
Total	<u>\$ 4,716</u>

Total equipment rental expense, for the year ended August 31, 2020, amounted to \$2,143.

Young Eisner Scholars entered into an office lease in Chicago with expiration date of March 15, 2023. This lease was terminated in June 2019 due to the landlord filing for bankruptcy. However, Young Eisner Scholars was informed of the bankruptcy on January 6, 2020 after payment of \$3,500 had already been made. The amount paid was written off in January 2020.

**9. IN-KIND CONTRIBUTIONS**

For the year ended August 31, 2020, Young Eisner Scholars recorded total in-kind contributions of \$44,460.

In-kind contributions are recorded at their fair market value and consist of the following:

Donated facilities - Downtown office	<u>\$ 44,460</u>
Total in-kind contributions	<u>\$ 44,460</u>

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**(CONTINUED)**

**10. NET ASSETS WITH DONOR RESTRICTIONS**

Net asset with donor restrictions for the year ended August 31, 2020 are as follows:

	<u>Amounts</u>
Scholarship	\$ 239,500
Student Activities	<u>14,500</u>
Total	<u>\$ 254,000</u>

Net assets released from donor restrictions for the year ended August 31, 2020 are as follows:

	<u>Amounts</u>
Satisfaction of scholarship restrictions	\$ (354,408)
Satisfaction of student activities restrictions	<u>(196,370)</u>
Total	<u>\$ (550,778)</u>

**11. LIQUIDITY AND FUNDS AVAILABLE**

Young Eisner Scholars regularly monitors liquidity required to its operating obligations and contractual commitments, while also striving to maximize the investment of its available funds. In addition to existing financial assets available to meet general expenditures within one year, Young Eisner Scholars receives ongoing contributions, unrestricted and restricted for programs, where such funds are used for operations and specific programs.

As of August 31, 2020, the following financial assets could readily be made available within one year of the statement of financial position date to meet its operational cash flow needs:

	<u>August 31, 2020</u>
Cash and cash equivalents	\$ 986,345
Promises to give, net of allowance	699,362
Investments	<u>2,643,730</u>
Total financial assets	4,329,437
Less: Donor-imposed restrictions:	
Designated Funds (With Donor Restrictions)	(358,519)
Pledges over one year	<u>(435,000)</u>
Net financial assets after donor-imposed restrictions	<u>3,535,918</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,535,918</u>

Young Eisner Scholars' goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$500,000). As part of its liquidity plan, Young Eisner Scholars receives individual and corporate donations which typically total \$800,000 to \$1,000,000 annually.

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**NOTES TO FINANCIAL STATEMENTS**  
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**12. CONCENTRATION RISK**

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. Young Eisner Scholars deposits its cash with high quality financial institutions, and management believes the organization is not exposed to significant credit risk on those amounts.

The majority of Young Eisner Scholars' contributions and grants are received from corporations, foundations, and individuals located in Los Angeles County. As such, Young Eisner Scholars' ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for Young Eisner Scholars' services.

Young Eisner Scholars' investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to Young Eisner Scholars' financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

**13. CONTINGENCIES**

*COVID-19*

Following the California and local "Safer at Home" orders in March 2020, Young Eisner Scholars ceased all non-essential business activities and continued essential operations remotely. Many of its supported student and school activities had stopped or reduced significantly as well the postponement of its fundraising event. The overall impact of the COVID-19 virus on Young Eisner Scholars is ongoing and cannot be foreseen at this time and is not reflected in these financial statements.

**14. SUBSEQUENT EVENTS**

Young Eisner Scholars has evaluated events subsequent to August 31, 2020 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through March 18, 2021, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

In February, 2021, Young Eisner Scholars applied for and received a second Paycheck Protection Program (PPP) loan from the Small Business Association (SBA) in the amount of \$179,945. The loan has a rate of 1.0% and is due in five years, unless forgiven. In order to be forgiven, Young Eisner Scholars must meet certain criteria as stipulated in the loan document. At this time, Management believes the entire PPP loan will be forgiven given the criteria.