

**YOUNG EISNER SCHOLARS
(dba YES)**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED AUGUST 31, 2022

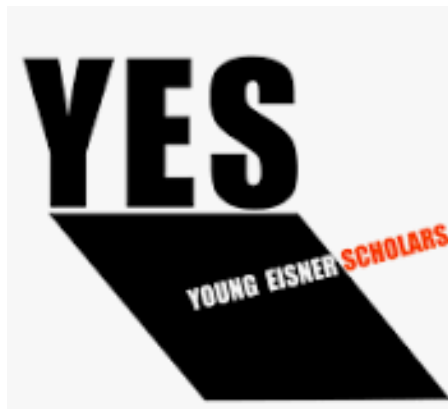
VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**YOUNG EISNER SCHOLARS
(dba YES)
(A California Non-Profit Corporation)
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Young Eisner Scholars and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of Accounting Pronouncements

As described in Note 2 to the financial statements, Young Eisner Scholars has adopted ASU 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to that matter.

As described in Note 2 to the financial statements Young Eisner Scholars has adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to that matter.

INDEPENDENT AUDITORS' REPORT - Continued

Responsibilities of Management 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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Young Eisner Scholars' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Young Eisner Scholars' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Young Eisner Scholars' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITORS' REPORT - Continued

Report on Summarized Comparative Information

We previously audited Young Eisner Scholars' 2021 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, 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.

Vorlein, Hays + Co.

Calabasas, California
May 4, 2023

YOUNG EISNER SCHOLARS
(dba YES)
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 3,308,745	\$ 1,327,095
Accounts receivable	120	909,889
Promises to give, net of allowance	1,635,606	492,700
Student loans receivable	950	7,890
Investments	2,500,836	2,744,163
Deposits and prepaid expenses	44,295	194,471
Operating lease - Right of use	1,255	-
Property and equipment, net	4,265	11,809
Total assets	\$ 7,496,072	\$ 5,688,017
LIABILITIES		
Accounts payable and accrued expenses	\$ 96,455	\$ 77,796
Accrued payroll and related liabilities	110,575	55,625
Lease liability	1,255	-
Deferred revenue	-	1,190,001
Paycheck Protection Program Loan	-	176,945
Total liabilities	208,285	1,500,367
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions		
Board designated	750,000	750,000
Undesignated net assets	3,917,579	2,884,705
With donor restrictions	2,620,208	552,945
Total net assets	7,287,787	4,187,650
Total liabilities and net assets	\$ 7,496,072	\$ 5,688,017

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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
REVENUE, SUPPORT AND RESTRICTIONS RELEASED				
Contributions and grants	\$ 1,525,513	\$ 2,978,600	\$4,504,113	\$ 1,726,026
Forgiveness of Paycheck Protection Program loan	176,945	-	176,945	183,690
Fundraising events	1,501,151	-	1,501,151	-
In-kind contributions	66,866	-	66,866	44,460
Interest and dividends earned	66,086	-	66,086	70,161
Realized and unrealized gain(loss) on investments, net	(365,426)	-	(365,426)	30,204
Other revenue	313	-	313	1,999
Restrictions released	<u>911,337</u>	<u>(911,337)</u>	<u>-</u>	<u>-</u>
 Total revenue, support and restrictions released	 3,882,785	 2,067,263	 5,950,048	 2,056,540
EXPENSES				
Program services	1,699,748	-	1,699,748	1,484,854
Support services	318,315	-	318,315	157,493
Fundraising expenses	<u>831,848</u>	<u>-</u>	<u>831,848</u>	<u>106,530</u>
 Total expenses	 <u>2,849,911</u>	 <u>-</u>	 <u>2,849,911</u>	 <u>1,748,877</u>
 CHANGE IN NET ASSETS	 1,032,874	 2,067,263	 3,100,137	 307,663
NET ASSETS - beginning of year	<u>3,634,705</u>	<u>552,945</u>	<u>4,187,650</u>	<u>3,879,987</u>
 NET ASSETS - end of year	 <u>\$ 4,667,579</u>	 <u>\$ 2,620,208</u>	 <u>\$7,287,787</u>	 <u>\$4,187,650</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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

	Program Services	Support Services	Fund- raising	2022 Total Expenses	2021 Expenses
Expenditures					
Personnel	\$ 957,774	\$ 168,762	\$ 125,726	\$ 1,252,262	\$ 1,073,653
Volunteer development	219	46	1,025	1,290	741
Student support	533,993	1,513	100	535,606	421,087
Summer programs fees	19,212	-	-	19,212	655
Educational Consulting	1,735	-	-	1,735	2,455
Internships and stipends	7,526	879	1,135	9,540	11,082
Testing and application fee	11,831	-	-	11,831	10,713
Grant and development	13	105	25,428	25,546	150
Event expenses -gifts and awards	-	-	116,508	116,508	139
Facilities expenses - events	2,064	-	82,722	84,786	-
Food - events	4,611	-	49,735	54,346	1,234
Travel	15,661	3,711	12,468	31,840	1,396
Community relations and marketing	169	-	43,438	43,607	3,686
Local transportation	1,908	607	169	2,684	1,491
Auto and van expense	6,308	1,295	-	7,603	4,272
Meetings	486	243	230	959	858
Dues and subscriptions	4,587	4,089	1,037	9,713	7,526
Conference and training	1,323	125	-	1,448	11,252
Professional fees	33,262	119,105	41,818	194,185	107,127
Supplies	5,154	220	260,843	266,217	1,938
Printing and copying	278	338	76	692	700
Postage and delivery	463	1,202	149	1,814	969
Telephone and internet	-	-	-	-	320
Website expense	12	345	-	357	145
Equipment-leased and purchased	2,399	5,138	-	7,537	7,777
Occupancy	-	-	-	-	2,000
Bank and merchant charges	10	3,581	8,042	11,633	5,373
Business Licenses and permits	8,560	569	2,186	11,315	202
Insurance	15,567	3,169	2,345	21,081	10,770
Depreciation and amortization	7,544	-	-	7,544	7,874
In-kind	56,986	462	9,418	66,866	44,460
Miscellaneous expense	93	2,811	-	2,904	6,832
Bad debt	-	-	47,250	47,250	-
Total expenses	\$ 1,699,748	\$ 318,315	\$ 831,848	\$ 2,849,911	\$ 1,748,877
	<u>59.64%</u>	<u>11.17%</u>	<u>29.19%</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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,100,137	\$ 307,663
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	7,544	7,874
Forgiveness of Paycheck Protection Program Loan	(176,945)	(183,690)
Donated stock	(70,199)	(159,866)
Realized & unrealized (gain)loss on investments, net	365,426	(30,204)
(Increase) decrease in:		
Accounts receivable	909,769	(909,889)
Promises to give, net of allowance	(1,142,906)	206,662
Student loans receivable	6,940	1,545
Deposits and prepaid expenses	150,176	(105,303)
Right of use - Operating lease amortization	(1,043)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	18,659	52,907
Accrued payroll and related liabilities	54,950	11,469
Deferred revenue	(1,190,001)	875,000
Total adjustments	<u>(1,067,630)</u>	<u>(233,495)</u>
Net Cash Provided (Used) by Operating Activities	2,032,507	74,168
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales, purchases of investments, net	14,186	159,798
Dividends from investments reinvested	<u>(66,086)</u>	<u>(70,161)</u>
Net Cash Provided (Used) by Investing Activities	<u>(51,900)</u>	<u>89,637</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowing from Paycheck Protection Program loan	-	176,945
Reductions to ROU assets resulting from reductions to lease obligations	<u>1,043</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>1,043</u>	<u>176,945</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,981,650	340,750
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,327,095</u>	<u>986,345</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,308,745</u>	<u>\$ 1,327,095</u>
Supplementary Disclosures:		
In-kind contributions	<u>\$ 66,866</u>	<u>\$ 44,460</u>
Forgiveness of Paycheck Protection Program Loan	<u>\$ 176,945</u>	<u>\$ 183,690</u>

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, 2022

1. ORGANIZATION

Young Eisner Scholars (dba YES) 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. From neighborhoods in which fewer than 10% of adults have a college degree, 100% of Young Eisner Scholars have been accepted to college and 93% have graduated!

These remarkable numbers are a testament to the success of our model. Young Eisner Scholars works to address the multitude of challenges that historically have prevented low-income students from accessing academic, social, and career opportunities, and we tailor our aid to students' personal and familial situation. 90% of Young Eisner Scholars scholars are first generation college students and 85% are from families that qualify as low or super-low income. Although tuition payments and supplemental collegiate costs for our college students account for the largest portion of Young Eisner Scholars' programming 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.

YOUNG EISNER SCHOLARS
(dba YES)
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

1. ORGANIZATION - Continued

Young Eisner Scholars are identified in the 6th grade from our Title I middle school partners across the country. We utilize a data-driven approach to student support, consisting of three scaffolded phases, each focused on developing core skills and providing essential supplemental resources to ensure that students are competitive with their more privileged counterparts. Our middle school programming is centered around a rigorous math and logic curriculum designed to improve critical thinking, literacy, and self-expression, as well as prepare them for admittance to competitive high schools. Middle school scholars also participate in robust summer programming designed to build cultural capital and prevent academic summer backslide. Armed with what they've learned from our thorough middle school programming, scholars are accepted to and attend the country's most competitive high schools, including Harvard-Westlake, Exeter, Bronx Science and Whitney Young High School. The Young Eisner Scholars high school program then builds on the skills students acquired in middle school, with an even more individualized approach to student success: connections to summer programs, academic tutoring, internship opportunities, mentoring, topical workshops, social-emotional wellness, and individualized college admissions counseling, including college tours and high level standardized test prep. This programming is specifically designed to help foster independence and self-advocacy. The third phase is focused on college success, persistence, and graduation, as well as career placement. Our staff maintains frequent contact with Young Eisner Scholars college scholars, helping to adapt them to all aspects of the more challenging environment of college. We provide our scholars with the means to access both crucial and transformative social immersion opportunities around the country and the world, endowing them with the interpersonal, critical thinking and communication skills necessary to become competitive candidates for the workforce. Young Eisner Scholars provides generous financial support for tuition, textbooks, testing fees, indirect school fees, travel, housing, and other key elements that lock so many low-income students out of higher education. Additionally, Young Eisner Scholars provides access to mental health, legal, and medical resources to ensure student/family health and wellness.

Young Eisner Scholars scholars attend the most competitive high schools, colleges, and graduate programs (including Harvard, Yale, & Stanford) across the nation and are excelling in profitable careers spanning every field- from medicine, law, and media to finance and engineering. Our current college scholars are attending 93 colleges and universities in 22 states. 73% of current Young Eisner Scholars college and graduate students attend schools on the US News & World Report "Top 100 List." 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.

Young Eisner Scholars currently serves over 700 students nationally and is growing at a rate of 75 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.

YOUNG EISNER SCHOLARS
(dba YES)
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022
(CONTINUED)

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.

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, 2022 was \$84,000.

YOUNG EISNER SCHOLARS
(dba YES)
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Student Loans Receivable

Young Eisner Scholars 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, fundraising event and insurance expenses and are expensed ratably over their respective terms of agreement.

YOUNG EISNER SCHOLARS
(dba YES)
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Operating leases

Young Eisner Scholars recognizes and measures its leases in accordance with FASB ASC 842, Leases. Young Eisner Scholars is a lessee in one noncancellable operating leases, for office space, computers and other office equipment. Young Eisner Scholars determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. Young Eisner Scholars recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Company uses its incremental borrowing rate. The implicit rates of our leases are not readily determinable and accordingly, we use our incremental borrowing rate based on the information available at the commencement date for all leases. Young Eisner Scholars' incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

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.

YOUNG EISNER SCHOLARS
(dba YES)
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Adopted Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new standard is effective for fiscal years beginning after December 15, 2021, and could have an impact on Young Eisner Scholars reporting of leases. During the year ended August 31, 2022, Young Eisner Scholars adopted Accounting Standards Update, ASU 2016-02, *Leases (Topic 842)*.

Young Eisner Scholars recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. Young Eisner Scholars is a lessee in a noncancellable operating lease, for office equipment. Young Eisner Scholars determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. Young Eisner Scholars recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise Young Eisner Scholars uses its incremental borrowing rate if applicable or relative treasury bill rate. Since Young Eisner Scholars does not have any borrowing debt and therefore, does not have any incremental borrowing rate, as such, the relative treasury bill rate is used for all leases. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Young Eisner Scholars has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that Young Eisner Scholars is reasonable certain to exercise. Young Eisner Scholars S recognizes lease cost associated with our short-term leases on a straight-line basis over the lease term.

In September 2020, the FASB amended guidance regarding the way nonprofit organizations report nonfinancial assets, including donated goods and rent, in-kind professional services, etc. The amendment requires contributed nonfinancial assets to be presented separately from cash and other financial assets on the statement of activities, and the footnote disclosure must include a dis-aggregation by type, donor restrictions, if applicable, and other details about the nature and valuation of the nonfinancial assets received. The new standard is effective for fiscal years beginning after June 15, 2021, and could have an impact on the Organization's reporting of contributed nonfinancial assets. During the year ended June 30, 2022 Young Eisner Scholars adopted Accounting Standards Update, ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*.

**YOUNG EISNER SCHOLARS
(dba YES)
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Revenue

Deferred revenue consists of advance payments for a fundraising event. Payments were recognized as revenue during the fiscal year resulting in no balance in deferred revenue.

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 generally sold when received and recorded based on value received.

YOUNG EISNER SCHOLARS
(dba YES)
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes

Young Eisner Scholars is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Young Eisner Scholars is required to pay an annual filing fee to the State of California and other states it operates in. Young Eisner Scholars has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended August 31, 2022, the Organization had no material unrecognized tax benefits, tax penalties or interest.

Young Eisner Scholars' Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended August 31, 2021, 2020, 2019, are subject to examination by the IRS, generally for 3 years after they were filed.

Young Eisner Scholars' Forms 199, *California Exempt Organization Return*, for each of the tax years ended August 31, 2021, 2020, 2019, and 2018, are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed.

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
(dba YES)
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 2021 comparative totals have been reclassified to conform with the 2022 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, 2021, from which the summarized information was derived.

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.

YOUNG EISNER SCHOLARS
(dba YES)
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022
(CONTINUED)

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, 2022 are as follows:

	Amount
Receivable in less than one year	\$ 460,000
Receivable in one to six years	<u>1,475,000</u>
Total promises to give	1,935,000
Less unamortized discount at 5%	(215,394)
Less 5% allowance	<u>(84,000)</u>
Promises to give, net of allowance	<u>\$ 1,635,606</u>

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

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, 2022 are Level 1 inputs.

Investments consist of the following at August 31, 2022 and are measured at fair value:

	Total	Level 1
Mutual Funds	\$ 570,956	\$ 570,956
Stocks	<u>1,929,880</u>	<u>1,929,880</u>
Total investments	<u>\$ 2,500,836</u>	<u>\$ 2,500,836</u>

At August 31, 2022, 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, 2022 is as follows:

	Amount
Interest and dividends earned	\$ 66,086
Realized and unrealized gain(loss) on investments, net	<u>(365,426)</u>
Total investment return	<u>\$ (299,340)</u>

**YOUNG EISNER SCHOLARS
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022
(CONTINUED)**

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at August 31, 2022:

	Amount
Vehicles	\$ 74,660
Less: accumulated depreciation	(70,395)
Property and equipment, net	\$ 4,265

Total depreciation expense for the year ended August 31, 2022 was \$7,544.

6. PAYCHECK PROTECTION PROGRAM LOAN (PPP)

In February 2021, Young Eisner Scholars applied for and received a Paycheck Protection Program (PPP) loan from the Small Business Association (SBA) in the amount of \$176,945. The loan has a rate of 1.0% and is due in five years, unless forgiven. This loan was forgiven on March 1, 2022.

7. COMMITMENTS

Leases

YES has obligations as a lessee for a printer lease with initial noncancelable terms in excess of one year. YES classified these leases as operating leases. These leases generally contain renewal options for periods ranging from two to five years. Because YES is not reasonably certain to exercise these renewal options, the optional periods are not included in determining the lease term, and associated payments under these renewal options are excluded from lease payments. Fixed payments are due under this lease.

The components of lease cost for the year ended August 31, 2022 are as follows:

Operating lease cost	\$1,728
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Amount reported in the Statement of Financial Position as of August 31, 2022 were as follows:

Operating leases:

Operating lease Right Of Use assets	\$1,255
Operating lease liabilities	\$1,255

**YOUNG EISNER SCHOLARS
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022**

7. COMMITMENTS - Continued

Other information related to leases as of August 31, 2022 was as follows:

Supplemental cash flow information:

Cash paid for amount included in the measurement of lease liabilities:	
Operating cash flow from operating leases	\$1,728
ROU assets obtained in exchange for lease obligations:	
Operating leases	\$ 1,255
Reductions to ROU assets resulting from reductions to lease obligations:	
Operating leases	\$(1,043)

Weighted average remaining lease term:

Operating leases	1 year
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Weighted average discount rate:

Operating leases	2.25 %
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Amounts disclosed for ROU assets obtained in exchange for lease obligations and reductions to ROU assets resulting from reductions to lease obligations include amounts added to or reduced from the carrying amount of ROU assets resulting from new lease, lease modifications or reassessments.

Maturities of lease liabilities under noncancellable operating leases as of August 31, 2022 are as follows:

2022	\$ 1,728
Less imputed interest	<u>(473)</u>
Total leases liabilities	<u>\$ 1,255</u>

YOUNG EISNER SCHOLARS
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NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)

8. IN-KIND CONTRIBUTIONS

Donated goods and services which are recorded in the financial statements at their estimated fair value (Level 2) at date of receipt were \$66,866 and are included in in-kind revenue and program services expenses for the year ended August 31, 2022. The fair value of the contributed goods and services has been measured on a nonrecurring basis using quoted prices for identical assets in active or inactive markets for the same or similar assets and services.

In-kind contributions are recorded at their fair market value; at August 21, 2022 consist of the following:

	<u>Amount</u>
Donated facilities - Downtown office	<u>\$ 66,866</u>
Total in-kind contributions	<u>\$ 66,866</u>

In-Kind Contributions Valuation Techniques & Inputs - In-kind contributions are valued at the estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products in the U.S.

Donor Restrictions – No in-kind contributions received during the year ended August 31, 2022 contained donor restrictions.

Monetization of In-Kind Contributions – Young Eisner Scholars does not sell donated in-kind contributions and only distributes goods or uses the services for program use.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net asset with donor restrictions for the year ended August 31, 2022 are as follows:

	<u>Amount</u>
Scholarship	\$ 68,500
Student Activities	910,100
Time restricted general support	<u>2,000,000</u>
Total	<u>\$ 2,978,600</u>

Net assets released from donor restrictions for the year ended August 31, 2022 are as follows:

	<u>Amount</u>
Satisfaction of scholarship restrictions	\$ (205,500)
Satisfaction of student activities restrictions	(344,170)
Satisfaction of time restricted general support	<u>(361,667)</u>
Total	<u>\$ (911,337)</u>

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NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)

10. 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, 2022, 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:

	August 31, 2022
Cash and cash equivalents	\$ 3,308,745
Accounts and student loan receivables	1,070
Promises to give, net of allowance	1,635,606
Investments	2,500,836
Total financial assets	7,446,257
Pledges over one year	(1,475,000)
Less: Donor-imposed restrictions:	
Designated Funds (With Donor Restrictions)	(2620,208)
Net financial assets after donor-imposed restrictions	3,351,049
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,351,049

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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(CONTINUED)

11. FUNDRAISING EVENTS

Historically, YES has held a fundraising gala every four years. The revenue and expenses from the dinner held during the year ended August 31, 2022 were as follows:

	<u>Anniversary Gala</u>
Anniversary Gala tickets sales	\$ 1,501,151
Contributions	1,443,882
Special fundraising event expenses	(599,992)
Special fundraising events, net revenue	\$ 2,345,041

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. SUBSEQUENT EVENTS

Young Eisner Scholars has evaluated events subsequent to August 31, 2022 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through May 4, 2023, 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.