



## **AMERICA NEEDS YOU**

### **Audited Financial Statements**

**June 30, 2016**

## **Independent Auditors' 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, 2016, 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 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 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 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.

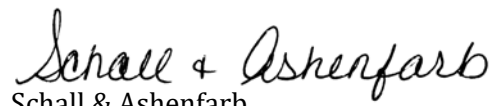
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2016, 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.

***Report on Summarized Comparative Information***

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2015. In our opinion, the summarized comparative information presented herein as of and for the yearended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

December 16, 2016

**AMERICA NEEDS YOU**  
**STATEMENT OF FINANCIAL POSITION**  
**AT JUNE 30, 2016**  
(With comparative totals at June 30, 2015)

	<u>6/30/16</u>	<u>6/30/15</u>
<b>Assets</b>		
Cash and cash equivalents	\$415,378	\$212,999
Investments (Note 3)	762,303	751,870
Pledges receivable (Note 4)	406,317	777,217
Prepaid expenses and other assets	57,100	32,594
Fixed Assets, net (Note 5)	10,656	15,985
Security deposit	<u>86,581</u>	<u>86,451</u>
 Total assets	 <u><u>\$1,738,335</u></u>	 <u><u>\$1,877,116</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$23,299	\$73,071
Conditional contributions	33,500	2,000
Deferred rent	<u>26,062</u>	<u>38,439</u>
Total liabilities	<u>82,861</u>	<u>113,510</u>
Net assets:		
Unrestricted	1,304,814	1,347,606
Temporarily restricted (Note 6)	<u>350,660</u>	<u>416,000</u>
Total net assets	<u>1,655,474</u>	<u>1,763,606</u>
 Total liabilities and net assets	 <u><u>\$1,738,335</u></u>	 <u><u>\$1,877,116</u></u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**AMERICA NEEDS YOU**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(With comparative totals for the year ended June 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/16</u>	<u>Total 6/30/15</u>
Public support:				
Contributions	\$1,594,150	\$223,482	\$1,817,632	\$1,975,257
Special event income (net of expenses with a direct benefit to donor) (Note 7)	1,014,711		1,014,711	765,288
Program income			0	40,547
Interest and dividend income	29,655		29,655	23,318
Net assets released from restrictions (Note 6)	288,822	(288,822)	0	0
Total public support	<u>2,927,338</u>	<u>(65,340)</u>	<u>2,861,998</u>	<u>2,804,410</u>
Expenses:				
Program services	<u>2,234,287</u>		<u>2,234,287</u>	<u>2,124,997</u>
Supporting services:				
Management and general	255,538		255,538	299,642
Fundraising	<u>465,782</u>		<u>465,782</u>	<u>318,632</u>
Total supporting services	<u>721,320</u>	<u>0</u>	<u>721,320</u>	<u>618,274</u>
Total expenses	<u>2,955,607</u>	<u>0</u>	<u>2,955,607</u>	<u>2,743,271</u>
Change in net assets from operating activities	<u>(28,269)</u>	<u>(65,340)</u>	<u>(93,609)</u>	<u>61,139</u>
Non-operating activities:				
Realized gain on investments	(2,248)		(2,248)	0
Unrealized gain on investments	<u>(12,275)</u>		<u>(12,275)</u>	<u>1,922</u>
Total non-operating activities	<u>(14,523)</u>	<u>0</u>	<u>(14,523)</u>	<u>1,922</u>
Change in net assets	(42,792)	(65,340)	(108,132)	63,061
Net assets - beginning of year	<u>1,347,606</u>	<u>416,000</u>	<u>1,763,606</u>	<u>1,700,545</u>
Net assets - end of year	<u><u>\$1,304,814</u></u>	<u><u>\$350,660</u></u>	<u><u>\$1,655,474</u></u>	<u><u>\$1,763,606</u></u>

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**AMERICA NEEDS YOU**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(With comparative totals for the year ended June 30, 2015)

	Supporting Services			Total Supporting Services	Total 6/30/16	Total 6/30/15
	Program Services	Management and General	Fundraising			
Salaries	\$1,191,982	\$164,959	\$293,327	\$458,286	\$1,650,268	\$1,392,103
Payroll taxes & benefits	173,622	24,028	42,726	66,754	240,376	206,764
Professional fees	24,123	24,000	1,344	25,344	49,467	63,012
Special event expenses			55,686	55,686	55,686	82,202
Program expenses	579,023			0	579,023	599,075
Office expenses	53,187	10,247	7,285	17,532	70,719	76,281
Equipment and service contracts	22,754	3,149	5,600	8,749	31,503	58,176
Telephone	32,620	2,868	4,240	7,108	39,728	28,578
Printing & publications	10,396	3,681	1,029	4,710	15,106	19,944
Insurance	4,457	617	1,097	1,714	6,171	9,108
Occupancy	138,274	19,136	34,027	53,163	191,437	185,728
Bank fees		2,320	18,474	20,794	20,794	16,598
Depreciation	3,849	533	947	1,480	5,329	5,702
<b>Total expenses</b>	<b>\$2,234,287</b>	<b>\$255,538</b>	<b>\$465,782</b>	<b>\$721,320</b>	<b>\$2,955,607</b>	<b>\$2,743,271</b>

*The attached notes and auditors' report are an integral part of these financial statements.*

**AMERICA NEEDS YOU**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(With comparative totals for the year ended June 30, 2015)

	<u>6/30/16</u>	<u>6/30/15</u>
Cash flows from operating activities:		
Change in net assets	(\$108,132)	\$63,061
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	5,329	5,702
Net loss/(gain) on investments	14,523	(1,922)
Donated stock	(18,414)	0
Changes in assets and liabilities:		
Pledges receivable	370,900	(380,130)
Prepaid expenses and other assets	(24,506)	23,906
Security deposit	(130)	(129)
Accounts payable and accrued expenses	(49,772)	55,224
Conditional contributions	31,500	(8,000)
Deferred rent	(12,377)	(7,769)
Total adjustments	<u>317,053</u>	<u>(313,118)</u>
Net cash flows provided by/(used for) operating activities	<u>208,921</u>	<u>(250,057)</u>
Cash flows from investing activities:		
Purchase of investments	(66,727)	(9,306)
Proceeds from sale of investments	46,256	0
Transfers out of cash	(4,475)	(31,318)
Transfers into cash	18,404	12,085
Net cash flows used for investing activities	<u>(6,542)</u>	<u>(28,539)</u>
Net increase/(decrease) in cash and cash equivalents	202,379	(278,596)
Cash and cash equivalents - beginning of year	<u>212,999</u>	<u>491,595</u>
Cash and cash equivalents - end of year	<u>\$415,378</u>	<u>\$212,999</u>
Supplemental disclosures:		
Interest and taxes paid	<u>\$0</u>	<u>\$0</u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**AMERICA NEEDS YOU**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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 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 when received or paid.

b. Basis of Presentation

The Organization reports information regarding their financial position and activities according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor imposed restrictions.
- *Temporarily restricted* – accounts for activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities.

c. Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restricted contribution is satisfied within the same period it has been received, it is recorded as unrestricted. Conditional contributions are recognized when the conditions on which they depend are substantially met.

Program income is recognized when services are performed.



d. 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.)

e. 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, but at yearend there were no 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.

f. 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.

g. 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 was determined that no allowance for doubtful accounts was necessary as of June 30, 2016 or 2015. Pledges receivable are written off directly to expense when all reasonable collection efforts have been exhausted.

h. 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. Realized and unrealized gains and losses are recognized in the statement of activities.

i. Fixed Assets

Purchases of fixed assets that the Organization retains title to that benefit future periods are capitalized at cost or at fair value at the date received, if donated. Fixed assets are depreciated using the straight-line method over the estimated useful life of the asset.

j. 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.

k. 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.

l. 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.

m. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. 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.

n. 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, 2013 and later are subject to examination by applicable taxing authorities.

o. 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 yearended June 30, 2015, from which the summarized information was derived.

p. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through December 16, 2016, 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.

q. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the June

30, 2019 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. The Organization has not yet evaluated the impact this will have on future statements.

In addition, 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.

### 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:

	<u>June 30, 2016</u>		
	<u>Market</u>	<u>Level 1</u>	<u>Level 2</u>
Mutual funds – equity	\$126,307	\$126,307	\$0
Mutual funds – fixed income	288,772	288,772	0
Exchange traded & closed end funds	<u>307,299</u>	<u>307,299</u>	<u>0</u>
	722,378	722,378	0
Money funds	<u>39,925</u>	<u>0</u>	<u>39,925</u>
Total	<u>\$762,303</u>	<u>\$722,378</u>	<u>\$39,925</u>
	<u>June 30, 2015</u>		
	<u>Market</u>	<u>Level 1</u>	<u>Level 2</u>
Mutual funds – equity	\$121,938	\$121,938	\$0
Mutual funds – fixed income	275,717	275,717	0
Exchange traded & closed end funds	<u>296,982</u>	<u>296,982</u>	<u>0</u>
	694,637	694,637	0
Money funds	<u>57,233</u>	<u>0</u>	<u>57,233</u>
Total	<u>\$751,870</u>	<u>\$694,637</u>	<u>\$57,233</u>

**Note 4 - Pledges Receivable**

Pledges receivable are due in the following periods:

Year ending:	June 30, 2017	\$358,317
	June 30, 2018	<u>50,000</u>
		408,317
Less: present value discount		<u>(2,000)</u>
Total		<u>\$406,317</u>

**Note 5 - Fixed Assets**

Fixed assets consist of the following:

	<u>6/30/16</u>	<u>6/30/15</u>
Furniture and equipment (3 to 7 years)	\$52,799	\$52,799
Less: accumulated depreciation	<u>(42,143)</u>	<u>(36,814)</u>
Total fixed assets	<u>\$10,656</u>	<u>\$15,985</u>

**Note 6 - Temporarily Restricted Net Assets**

The following schedule summarizes temporarily restricted net assets:

	<u>June 30, 2016</u>			
	<u>Balance</u> <u>7/1/15</u>	<u>Contributions</u>	Released From <u>Restrictions</u>	<u>Balance</u> <u>6/30/16</u>
Programs:				
Fellows Program	\$50,000	\$0	(\$50,000)	\$0
New York Operations	145,000	0	(47,000)	98,000
Chicago Program	196,000	0	(96,000)	100,000
Scholars Program	0	211,650	(65,822)	145,828
Alumni Workshops	<u>0</u>	<u>10,000</u>	<u>(5,000)</u>	<u>5,000</u>
Total Programs	391,000	221,650	(263,822)	348,828
Time Restricted	<u>25,000</u>	<u>1,832</u>	<u>(25,000)</u>	<u>1,832</u>
Total	<u>\$416,000</u>	<u>\$223,482</u>	<u>(\$288,822)</u>	<u>\$350,660</u>

	<u>June 30, 2015</u>			
	<u>Balance</u>		<u>Released</u>	<u>Balance</u>
	<u>7/1/14</u>	<u>Contributions</u>	<u>From</u> <u>Restrictions</u>	<u>6/30/15</u>
Programs:				
Fellows Program	\$150,000	\$300,000	(\$400,000)	\$50,000
College Connection	32,934	0	(32,934)	0
New York Operations	194,000	0	(49,000)	145,000
Chicago Program	<u>0</u>	<u>196,000</u>	<u>0</u>	<u>196,000</u>
Total Programs	376,934	496,000	(481,934)	391,000
Time Restricted	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Total	<u>\$376,934</u>	<u>\$521,000</u>	<u>(\$481,934)</u>	<u>\$416,000</u>

**Note 7 - Special Events**

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

	<u>June 30, 2016</u>			
	<u>Gala</u>	<u>YLB Events</u>	<u>Other</u>	<u>Total</u>
Gross revenue	\$969,445	\$175,437	\$37,081	\$1,181,963
Less: expenses with a direct benefit to donors	<u>(143,999)</u>	<u>(23,126)</u>	<u>(127)</u>	<u>(167,252)</u>
	825,446	152,311	36,954	1,014,711
Less: other event expenses	<u>(44,423)</u>	<u>(6,486)</u>	<u>(4,777)</u>	<u>(55,686)</u>
Total	<u>\$781,023</u>	<u>\$145,825</u>	<u>\$32,177</u>	<u>\$959,025</u>

	<u>June 30, 2015</u>			
	<u>Gala</u>	<u>YLB Events</u>	<u>Other</u>	<u>Total</u>
Gross revenue	\$789,715	\$106,573	\$41,654	\$937,942
Less: expenses with a direct benefit to donors	<u>(143,325)</u>	<u>(7,754)</u>	<u>(21,575)</u>	<u>(172,654)</u>
	646,390	98,819	20,079	765,288
Less: other event expenses	<u>(52,413)</u>	<u>(8,744)</u>	<u>(21,045)</u>	<u>(82,202)</u>
Total	<u>\$593,977</u>	<u>\$90,075</u>	<u>(\$966)</u>	<u>\$683,086</u>

**Note 8 - Commitments**

The Organization has a lease for office space which expires June 30, 2018. Future minimum payments are as follows:

Year ending:	June 30, 2017	\$170,460
	June 30, 2018	<u>209,664</u>
Total		<u>\$380,124</u>

**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, 2016 or 2015.