SCHALL & ASHENFARB Certified Public Accountants, LLC

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

AMERICA NEEDS YOU

Audited Financial Statements

June 30, 2017

307 Fifth Avenue, 15th Floor
New York, New York 10016
Tel: (212) 268-2800 Fax: (212) 268-2805
www.schallandashenfarb.com

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Independent Auditor's Report

To the Board of Directors of
America Needs You

Report on the Financial Statements

We have audited the accompanying financial statements of America Needs You (the "Organization"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

December 19, 2017

AMERICA NEEDS YOU
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2017
(With comparative totals at June 30, 2016)

	6/30/17	6/30/16
Assets		
Cash and cash equivalents	$500,458	$415,378
Investments (Note 3)	639,592	762,303
Pledges receivable (Note 4)	699,553	406,317
Prepaid expenses	110,371	57,100
Fixed assets, net (Note 5)	21,200	10,656
Security deposit	42,900	86,581
Total assets	$2,014,074	$1,738,335
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$35,369	$23,299
Conditional contributions	30,000	33,500
Deferred rent	32,633	26,062
Total liabilities	98,002	82,861
Net assets:		
Unrestricted	1,258,059	1,304,814
Temporarily restricted (Note 6)	658,013	350,660
Total net assets	1,916,072	1,655,474
Total liabilities and net assets	$2,014,074	$1,738,335

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

AMERICA NEEDS YOU
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(With comparative totals for the year ended June 30, 2016)

	Unrestricted	Temporarily Restricted	Total 6/30/17	Total 6/30/16
Public support:				
Contributions	$1,322,546	$898,202	$2,220,748	$1,817,632
Special events income (net of expenses with a direct benefit to donor) (Note 7)	794,077		794,077	1,014,711
Interest and dividend income	19,795		19,795	29,655
Net assets released from restrictions (Note 6)	590,849	(590,849)	0	0
Total public support	2,727,267	307,353	3,034,620	2,861,998
Expenses:				
Program services	2,089,014		2,089,014	2,234,287
Supporting services:				
Management and general	280,879		280,879	255,538
Fundraising	441,020		441,020	465,782
Total supporting services	721,899	0	721,899	721,320
Total expenses	2,810,913	0	2,810,913	2,955,607
Change in net assets from operating activities	(83,646)	307,353	223,707	(93,609)
Non-operating activities:				
Realized gain/(loss) on investments	9,879		9,879	(2,248)
Unrealized gain/(loss) on investments	27,012		27,012	(12,275)
Total non-operating activities	36,891	0	36,891	(14,523)
Change in net assets	(46,755)	307,353	260,598	(108,132)
Net assets - beginning of year	1,304,814	350,660	1,655,474	1,763,606
Net assets - end of year	$1,258,059	$658,013	$1,916,072	$1,655,474

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

AMERICA NEEDS YOU
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(With comparative totals for the year ended June 30, 2016)

		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total 6/30/17	Total 6/30/16
Salaries	$1,107,071	$145,824	$287,847	$433,671	$1,540,742	$1,650,268
Payroll taxes and benefits	153,397	20,205	39,885	60,090	213,487	240,376
Professional fees	36,015	41,723	5,907	47,630	83,645	49,467
Special event expenses			27,873	27,873	27,873	55,686
Program expenses	506,280			0	506,280	579,023
Office expenses	69,613	11,495	8,398	19,893	89,506	70,719
Equipment and service contracts	28,585	3,765	7,432	11,197	39,782	31,503
Telephone	31,040	2,769	4,528	7,297	38,337	39,728
Printing and publications	10,935	3,514	1,105	4,619	15,554	15,106
Insurance	630	83	164	247	877	6,171
Occupancy	141,177	18,596	36,707	55,303	196,480	191,437
Bank fees		1,335	20,063	21,398	21,398	20,794
Bad debt expense		31,007		31,007	31,007	0
Depreciation	4,271	563	1,111	1,674	5,945	5,329
Total expenses	$2,089,014	$280,879	$441,020	$721,899	$2,810,913	$2,955,607

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

AMERICA NEEDS YOU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(With comparative totals for the year ended June 30, 2016)

	6/30/17	6/30/16
Cash flows from operating activities:		
Change in net assets	$260,598	($108,132)
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	5,945	5,329
Net (gain)/loss on investments	(36,891)	14,523
Donated stock	(25,280)	(18,414)
Changes in assets and liabilities:		
Pledges receivable	(293,236)	370,900
Prepaid expenses	(53,271)	(24,506)
Security deposit	43,681	(130)
Accounts payable and accrued expenses	12,070	(49,772)
Conditional contributions	(3,500)	31,500
Deferred rent	6,571	(12,377)
Total adjustments	(343,911)	317,053
Net cash flows (used for)/provided by operating activities	(83,313)	208,921
Cash flows from investing activities:		
Purchase of investments and reinvested interest	(37,008)	(43,360)
Proceeds from sale of donated stock	21,890	18,414
Transfers into cash	200,000	18,404
Fixed asset purchases	(16,489)	0
Net cash flows provided by (used for) investing activities	168,393	(6,542)
Net increase in cash and cash equivalents	85,080	202,379
Cash and cash equivalents - beginning of year	415,378	212,999
Cash and cash equivalents - end of year	$500,458	$415,378
Supplemental disclosures:		
Interest and taxes paid	$0	$0

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

AMERICA NEEDS YOU
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Organization

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

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

Note 2. Summary of Significant Accounting Policies

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

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 the 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.

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 year end 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 been determined that no allowance for doubtful accounts was necessary as of June 30, 2017 or 2016. 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, 2014 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 year ended June 30, 2016 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 19, 2017, 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.

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.

The Organization has not yet evaluated the impact these standards will have on future financial statements.

Note 3 - Investments

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

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

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

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

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

Investments consist of the following:

	June 30, 2017		
	Market	Level 1	Level 2
Mutual funds – equity	$101,724	$101,724	$0
Mutual funds – fixed income	252,119	252,119	0
Mutual funds – alternative	22,097	22,097	
Exchange traded and closed end funds	246,886	246,886	0
	622,826	622,826	0
Money funds	16,766	0	16,766
Total	$639,592	$622,826	$16,766

	June 30, 2016		
	Market	Level 1	Level 2
Mutual funds – equity	$126,307	$126,307	$0
Mutual funds – fixed income	288,772	288,772	0
Exchange traded and closed end funds	307,299	307,299	0
	722,378	722,378	0
Money funds	39,925	0	39,925
Total	$762,303	$722,378	$39,925

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

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

Note 4 - Pledges Receivable

Pledges receivable are due in the following periods:

Year ending:	June 30, 2018	$603,533
	June 30, 2019	100,000
		703,533
Less: present value discount		(4,000)
Total		$699,553

Note 5 - Fixed Assets

Fixed assets consist of the following:

	6/30/17	6/30/16
Furniture and equipment *(3 to 7 years)*	$56,968	$52,799
Donor management software *(in process)*	12,320	0
	69,288	52,799
Less: accumulated depreciation	(48,088)	(42,143)
Total fixed assets	$21,200	$10,656

Note 6 - Temporarily Restricted Net Assets

The following schedule summarizes temporarily restricted net assets:

	June 30, 2017			
	Balance 7/1/16	Contributions	Released From Restrictions	Balance 6/30/17
Programs:				
Fellows Program	$0	$581,000	($270,000)	$311,000
New York Operations	98,000	0	(48,000)	50,000
Chicago Program	100,000	0	(100,000)	0
Scholars Program	145,828	242,300	(166,017)	222,111
Alumni Workshops	5,000	0	(5,000)	0
Total Programs	348,828	823,300	(589,017)	583,111
Time Restricted	1,832	74,902	(1,832)	74,902
Total	$350,660	$898,202	($590,849)	$658,013

	June 30, 2016			
	Balance 7/1/15	Contributions	Released From Restrictions	Balance 6/30/16
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	0	10,000	(5,000)	5,000
Total Programs	391,000	221,650	(263,822)	348,828
Time Restricted	25,000	1,832	(25,000)	1,832
Total	$416,000	$223,482	($288,822)	$350,660

Note 7 - Special Events

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

	June 30, 2017			
	Gala	YLB Events	Other	Total
Gross revenue	$721,893	$184,730	$51,006	$957,629
Less: expenses with a direct benefit to donors	(138,794)	(24,758)	0	(163,552)
	583,099	159,972	51,006	794,077
Less: other event expenses	(21,113)	(5,777)	(983)	(27,873)
Total	$561,986	$154,195	$50,023	$766,204

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

Note 8 - Commitments

The Organization has a lease for office space which expires on June 30, 2018. Future minimum payments due under this lease amount to $209,644 during the year ending June 30, 2018.

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, 2017 or 2016.