

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**

YOUNG SURVIVAL COALITION, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Survival Coalition, Inc.
New York, New York

We have audited the accompanying financial statements of Young Survival Coalition, Inc. (YSC), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YSC as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Friedman

December 7, 2019

YOUNG SURVIVAL COALITION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and grants	\$ 2,843,628	\$ 465,394	\$ 3,309,022	\$ 3,181,753	\$ 468,700	\$ 3,650,453
U.S. Government grants	359,742	-	359,742	363,133	-	363,133
Interest and investment income	8,850	-	8,850	6,938	-	6,938
In-kind contributions	58,804	-	58,804	29,111	-	29,111
Program service fees	96,035	-	96,035	93,894	-	93,894
Merchandise and other income	2,123	-	2,123	14,506	-	14,506
Net assets released from donor restrictions	<u>447,988</u>	<u>(447,988)</u>	<u>-</u>	<u>497,537</u>	<u>(497,537)</u>	<u>-</u>
Total support and revenue	<u>3,817,170</u>	<u>17,406</u>	<u>3,834,576</u>	<u>4,186,872</u>	<u>(28,837)</u>	<u>4,158,035</u>
EXPENSES						
Program Services	<u>3,330,653</u>	<u>-</u>	<u>3,330,653</u>	<u>3,260,239</u>	<u>-</u>	<u>3,260,239</u>
Supporting Services:						
Management and General	588,845	-	588,845	551,807	-	551,807
Fundraising	<u>403,716</u>	<u>-</u>	<u>403,716</u>	<u>351,032</u>	<u>-</u>	<u>351,032</u>
Total supporting services	<u>992,561</u>	<u>-</u>	<u>992,561</u>	<u>902,839</u>	<u>-</u>	<u>902,839</u>
Total expenses	<u>4,323,214</u>	<u>-</u>	<u>4,323,214</u>	<u>4,163,078</u>	<u>-</u>	<u>4,163,078</u>
Changes in net assets before other item	(506,044)	17,406	(488,638)	23,794	(28,837)	(5,043)
OTHER ITEM						
Reversal of deferred rent liability	<u>187,604</u>	<u>-</u>	<u>187,604</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	(318,440)	17,406	(301,034)	23,794	(28,837)	(5,043)
Net assets at beginning of year	<u>836,252</u>	<u>59,436</u>	<u>895,688</u>	<u>812,458</u>	<u>88,273</u>	<u>900,731</u>
NET ASSETS AT END OF YEAR	<u>\$ 517,812</u>	<u>\$ 76,842</u>	<u>\$ 594,654</u>	<u>\$ 836,252</u>	<u>\$ 59,436</u>	<u>\$ 895,688</u>

See accompanying notes to financial statements.

YOUNG SURVIVAL COALITION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Salaries and related benefits	\$ 1,718,920	\$ 259,752	\$ 128,475	\$ 388,227	\$ 2,107,147
Printing and production	18,500	32	567	599	19,099
Professional fees	47,951	154,534	3,730	158,264	206,215
Occupancy	152,167	61,429	12,705	74,134	226,301
Insurance	-	14,709	-	14,709	14,709
Depreciation and amortization	17,235	6,957	1,439	8,396	25,631
Telecommunications and technology	127,480	25,044	8,179	33,223	160,703
Travel, meals and entertainment	193,735	3,124	24,597	27,721	221,456
Consulting fees	130,426	1,683	7,167	8,850	139,276
Postage and delivery	37,365	1,735	1,301	3,036	40,401
Supplies	17,720	3,179	3,188	6,367	24,087
Subscriptions and publications	16,839	360	4,099	4,459	21,298
Advertising and promotion	34,925	62	6,025	6,087	41,012
Conferences, meetings and events	571,877	-	170,956	170,956	742,833
Bank, credit card and payroll processing fees	81,522	15,852	16,412	32,264	113,786
Equipment and rental	15,467	3,810	2,295	6,105	21,572
Grants, gifts and scholarships	83,787	-	-	-	83,787
Sales tax	6	3	1	4	10
Cost of goods sold/distributed	48,010	5	9,073	9,078	57,088
Uncollectible pledges	-	30,043	-	30,043	30,043
Licenses, registrations and permits	16,721	6,532	3,507	10,039	26,760
TOTAL	\$ 3,330,653	\$ 588,845	\$ 403,716	\$ 992,561	\$ 4,323,214

YOUNG SURVIVAL COALITION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related benefits	\$ 1,587,582	\$ 248,407	\$ 134,460	\$ 382,867	\$ 1,970,449
Printing and production	34,824	65	1,650	1,715	36,539
Professional fees	25,449	143,111	2,598	145,709	171,158
Occupancy	176,980	72,622	16,433	89,055	266,035
Insurance	-	13,959	-	13,959	13,959
Depreciation and amortization	21,310	8,744	1,979	10,723	32,033
Telecommunications and technology	131,384	26,645	11,211	37,856	169,240
Travel, meals and entertainment	178,791	1,943	24,627	26,570	205,361
Consulting fees	119,154	1,977	3,912	5,889	125,043
Postage and delivery	42,115	1,951	1,582	3,533	45,648
Supplies	20,485	1,733	4,080	5,813	26,298
Subscriptions and publications	29,291	242	3,861	4,103	33,394
Advertising and promotion	60,775	338	6,998	7,336	68,111
Conferences, meetings and events	579,301	-	103,592	103,592	682,893
Bank, credit card and payroll processing fees	81,838	15,599	16,253	31,852	113,690
Equipment and rental	11,532	2,243	1,833	4,076	15,608
Grants, gifts and scholarships	77,657	87	20	107	77,764
Sales tax	16	7	2	9	25
Cost of goods sold/distributed	51,626	17	10,750	10,767	62,393
Uncollectible pledges	14,303	5,869	1,328	7,197	21,500
Licenses, registrations and permits	15,826	6,248	3,863	10,111	25,937
TOTAL	\$ 3,260,239	\$ 551,807	\$ 351,032	\$ 902,839	\$ 4,163,078

YOUNG SURVIVAL COALITION, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (301,034)	\$ (5,043)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	25,631	32,033
Loss on disposal of fixed assets	7,309	-
Unrealized loss on investments	432	2,300
Realized loss on sale of investments	-	1,348
Change in allowance for doubtful accounts	(4,000)	4,000
Decrease (increase) in:		
Contributions and grants receivable	22,264	(67,359)
U.S. Government grants receivable	45,797	26,565
Prepaid expenses and other assets	(7,353)	(43,292)
Security deposits	(30,191)	2,076
(Decrease) increase in:		
Accounts payable and accrued liabilities	(4,735)	51,238
Deferred rent	<u>(155,570)</u>	<u>3,760</u>
Net cash (used) provided by operating activities	<u>(401,450)</u>	<u>7,626</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	-	2,237
Purchases of investments	<u>(6,529)</u>	<u>(10,792)</u>
Net cash used by investing activities	<u>(6,529)</u>	<u>(8,555)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	<u>55,000</u>	<u>-</u>
Net cash provided by financing activities	<u>55,000</u>	<u>-</u>
Net decrease in cash and cash equivalents	(352,979)	(929)
Cash and cash equivalents at beginning of year	<u>421,737</u>	<u>422,666</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 68,758</u>	<u>\$ 421,737</u>

YOUNG SURVIVAL COALITION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Young Survival Coalition, Inc. (YSC) is a non-profit organization, founded in 1998 and incorporated in the State of New York. YSC is the largest national organization dedicated to the critical issues unique to young women who are diagnosed with breast cancer. YSC offers resources, connections and outreach so women feel supported, empowered and hopeful.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended June 30, 2019 and applied retrospectively.

Cash and cash equivalents -

YSC considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, YSC maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Contributions and grants receivable -

Contributions and grants receivable are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor. All receivables are expected to be collected in one year or less.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in "interest and investment income", which is presented net of investment expenses (paid to external investment advisors) in the accompanying Statements of Activities and Changes in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. YSC's policy is to liquidate all gifts of investments as soon as possible after the gift.

Furniture, equipment and leasehold improvements -

Furniture, equipment and leasehold improvements are stated at cost. Furniture and equipment with an acquisition value of \$5,000 (and above) are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. As costs are incurred in developing and enhancing YSC's website (that qualify for capitalization in accordance with FASB ASC 350, *Intangibles - Goodwill and Other Assets*), they are capitalized and are amortized over a three year period. Payments for leasehold improvements are amortized over the life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended June 30, 2019 and 2018 totaled \$25,631 and \$32,033, respectively.

YOUNG SURVIVAL COALITION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Income taxes -

YSC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. The organization is not a private foundation.

Uncertain tax positions -

For the years ended June 30, 2019 and 2018, YSC has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Revenue recognition -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Contributions and grants received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

YSC also receives assistance the U.S. Government for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs.

YOUNG SURVIVAL COALITION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue recognition (continued) -

Accordingly, such awards are recorded as revenue "without donor restrictions" to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Program service fee revenue consists of attendance and exhibitor fees and is recognized in the period the event takes place.

In-kind contributions -

YSC receives contributions of professional services (pro-bono), credit card reward points and event equipment considered "in-kind", all in furtherance of its programmatic purposes. During the years ended June 30, 2019 and 2018, contributions of \$58,804 and \$29,111, respectively, representing the fair value of these contributions, have been included in current year revenue (and allocated across functional expense areas) in the accompanying Statements of Activities and Changes in Net Assets.

YSC also receives additional in-kind volunteer contributions for which an estimate of fair value is not determinable.

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of YSC are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of June 30, 2018 as unrestricted net assets in the amount of \$836,252 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets in the amount of \$59,436 are now classified as "net assets with donor restrictions".

Risks and uncertainties -

YSC invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

YOUNG SURVIVAL COALITION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Risks and uncertainties (continued) -

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Fair value measurement -

YSC adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. YSC accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by one year; thus, the effective date is for fiscal years beginning after December 15, 2018. Early adoption is permitted. YSC has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. YSC has not yet decided on a transition method. This ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

YSC plans to adopt the new ASUs at the respective required implementation dates.

YOUNG SURVIVAL COALITION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

2. INVESTMENTS

Investments consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 243,309	\$ 231,611	\$ 236,780	\$ 225,506
Common stock	<u>140</u>	<u>1,158</u>	<u>140</u>	<u>1,166</u>
TOTAL INVESTMENTS	<u>\$ 243,449</u>	<u>\$ 232,769</u>	<u>\$ 236,920</u>	<u>\$ 226,672</u>

Included in interest and investment income are the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 11,580	\$ 10,586
Unrealized loss on investments	(432)	(2,300)
Realized loss on sales of investments	-	(1,348)
Investment fees	<u>(2,298)</u>	<u>-</u>
TOTAL INTEREST AND INVESTMENT INCOME	<u>\$ 8,850</u>	<u>\$ 6,938</u>

During July 2019 (subsequent to fiscal year-end), YSC liquidated all of its investments.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Tour de Pink Survivor Bikes Program	\$ 3,964	\$ -
Metastatic Initiatives	48,994	8,753
RISE Program	16,788	9,433
Global	4,596	-
Sync Fund	<u>2,500</u>	<u>41,250</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 76,842</u>	<u>\$ 59,436</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

	<u>2019</u>	<u>2018</u>
Tour de Pink Survivor Bikes Program	\$ 10,341	\$ 2,016
Annual Conference	183,587	-
Metastatic Initiatives	54,760	31,247
RISE Program	19,646	39,655
Global	10,404	-
Sync Fund	169,250	198,919
Passage of time	<u>-</u>	<u>225,700</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 447,988</u>	<u>\$ 497,537</u>

YOUNG SURVIVAL COALITION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

5. LEASE COMMITMENTS

On June 19, 2013, YSC entered into a 127-month operating lease agreement (for its principal office space in New York City, at 80 Broad Street), which commenced on September 25, 2013 (the actual possession date). As a part of the agreement, YSC was not obligated to pay rent for the first five months of occupancy (beginning on the possession date). Further, YSC was not obligated to pay rent for two additional months beginning on the first anniversary of the lease possession date. YSC is required to pay an annual escalation (approximately 2.3%) and its pro-rata share of the building's operating expenses and real estate taxes.

During October 2016, YSC entered into a 37-month agreement for office space in Atlanta (after its month-to-month lease terminated). Base rent required under the agreement is \$25,105 for the first year of the term; however, the lease provides an abatement of the first month following the commencement date. Annual rent will increase by 3.5% each year of the term, effective on each anniversary of the initial month of payment (taking the abatement into consideration). On September 9, 2019, YSC extended its Atlanta office lease through November 2022. The lease includes an annual 3.5% escalation, and YSC is responsible for its ratable share of real estate taxes and related operating expenses.

As both lease agreements include an annual escalation and also provide for seven months free rent, generally accepted accounting principles require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is being deferred (amortized over the term of the lease agreement). As of June 30, 2018, the deferred rent liability under both leases aggregated \$175,105. During the year ended June 30, 2019, YSC ceased to occupy its principal office space, and on the date the premises were vacated, the deferred rent liability (for just the 80 Broad Street premises) aggregated \$187,604, and therefore, the balances was written off in full and reported as an "Other Item" in the current year Statements of Activities and Changes in Net Assets. As of June 30, 2019, the deferred rent liability under the Atlanta lease aggregated \$667.

On November 7, 2018, YSC entered into a 62-month agreement for office space in New York (75 Broad Street). Base rent required under the agreement is \$7,456 per month; however, the lease provides an abatement of the first two months following the commencement date (December 2018 and January 2019). Annual rent will increase by 2.5% each year of the term, effective on each anniversary of the initial month of payment. The lease agreement also requires a security deposit totaling \$39,191, which was paid during November 2018. As this lease agreement includes an annual escalation and also provide for two months free rent (and includes a rental escalation), generally accepted accounting principles require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is being deferred (amortized over the term of the lease agreement). As of June 30, 2019, the deferred rent liability aggregated \$12,304; additionally the balance also includes \$21,905 of deferred (prepaid) rental income.

Following is a schedule of future minimum lease payments required under all office leases:

Year Ending June 30,

2020	\$ 360,972
2021	358,082
2022	366,605
2023	375,341
2024	<u>286,094</u>
	<u>\$ 1,747,094</u>

YOUNG SURVIVAL COALITION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

5. LEASE COMMITMENTS (Continued)

On October 18, 2018, YSC entered into an agreement (effective November 15, 2018) to sublease its office space at 80 Broad Street. The agreement required the sublessee to pay a security deposit in the amount of \$81,900; additionally, the agreement also provided for one month (January 2019) of rental abatement. The sublease agreement will expire on April 29, 2024.

The following is a schedule of the future minimum rental income under the sublease agreement:

<u>Year Ending June 30,</u>	
2020	\$ 267,467
2021	273,725
2022	280,139
2023	286,713
2024	<u>244,261</u>
	<u>\$ 1,352,305</u>

During the years ended June 30, 2019 and 2018, occupancy expense (net of rental income) totaled \$226,301 and \$266,035, respectively.

6. COMMITMENTS

YSC is committed under agreements for conference space through the year 2020. The total commitments under the agreements are not determinable as it depends upon attendance and other unknown factors. There are cancellation penalties that would be due if the agreements were cancelled prior to the event date. The amount of the cancellation penalties increase through the date of the event.

7. LINE OF CREDIT

YSC maintains a \$150,000 line of credit with a local financial institution. The line of credit bears interest of 7.75% and matures on January 4, 2020. The line of credit is secured by YSC's cash, receivables and capital assets. As of June 30, 2019, total borrowings aggregated \$55,000 (the balance was satisfied during July 2019). As of June 30, 2018, there were no outstanding borrowings.

8. RETIREMENT PLAN

On January 1, 2006, YSC established a retirement plan (the Plan) under IRS Section 401(k) of the Internal Revenue Code. Participation in the Plan is available to all employees who have completed six months of service and have attained 21 years in age.

YSC provides a match for all employee contributions to the Plan on a discretionary basis. Beginning January 1, 2015, YSC amended the Plan to provide a 3% safe harbor non-elective contribution for all employees. During the years ended June 30, 2019 and 2018, YSC contributed \$39,380 and \$40,928, respectively, to the Plan.

YOUNG SURVIVAL COALITION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

9. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, YSC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market YSC has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by YSC are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by YSC are deemed to be actively traded.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.

The table below summarizes, by level within the fair value hierarchy, YSC's investments as of June 30, 2019:

Asset Class	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 231,611	\$ -	\$ -	\$ 231,611
Common stock	<u>1,158</u>	<u>-</u>	<u>-</u>	<u>1,158</u>
TOTAL INVESTMENTS	<u>\$ 232,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,769</u>

The table below summarizes, by level within the fair value hierarchy, YSC's investments as of June 30, 2018:

Asset Class	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 225,506	\$ -	\$ -	\$ 225,506
Common stock	<u>1,166</u>	<u>-</u>	<u>-</u>	<u>1,166</u>
TOTAL INVESTMENTS	<u>\$ 226,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,672</u>

YOUNG SURVIVAL COALITION, INC.

NOTES TO FINANCIAL STATEMENTS
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9. FAIR VALUE MEASUREMENT (Continued)

There were no transfers between levels in the fair value hierarchy during the years ended June 30, 2019 and 2018.

10. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 68,758	\$ 421,737
Investments	232,769	226,672
Contributions and grants receivable	352,857	371,121
U.S. Government grants receivable	<u>27,930</u>	<u>73,727</u>
Subtotal financial assets available within one year	682,314	1,093,257
Less: donor restricted funds	<u>(76,842)</u>	<u>(59,436)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 605,472</u>	<u>\$ 1,033,821</u>

YSC is partially supported by restricted contributions; as a donor's restriction requires resources to be used in a particular manner or in a future period, YSC must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of YSC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

11. SUBSEQUENT EVENTS

In preparing these financial statements, YSC has evaluated events and transactions for potential recognition or disclosure through December 7, 2019, the date the financial statements were issued.