

**ENTERPRISE FOR HIGH SCHOOL STUDENTS**

Financial Statements

Year Ended December 31, 2015

# **ENTERPRISE FOR HIGH SCHOOL STUDENTS**

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CERTIFIED PUBLIC ACCOUNTANTS

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Partners

Daniel J. Harrington, CPA

Bruce J. Wright, CPA

Michael J. Ellingson, CPA

Principal

Mitchell Richstone, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Enterprise for High School Students

We have audited the accompanying financial statements of Enterprise for High School Students (a nonprofit California corporation), which comprise the Statement of Financial Position as of December 31, 2015, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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 statement referred to above present fairly, in all material respects, the financial position of Enterprise for High School Students as of December 31, 2015, 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 Enterprise for High School Students 2014 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated May 8, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



South San Francisco, California  
May 12, 2016

**ENTERPRISE FOR HIGH SCHOOL STUDENTS**  
Statement of Financial Position  
December 31, 2015  
(With Comparative Totals at December 31, 2014)

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 500,702	\$ 356,490
Investments	349,151	349,737
Grants and Contributions Receivable	-	85,761
Contracts and Other Receivables	65,354	103,346
Prepaid Expenses	34,752	32,748
Total Current Assets	949,959	928,082
<b>NONCURRENT ASSETS</b>		
Property and Equipment - Net	132,396	161,833
Deposits	15,530	15,530
Total Noncurrent Assets	147,926	177,363
 Total Assets	 \$ 1,097,885	 \$ 1,105,445
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 129,380	\$ 142,822
Accrued Expenses	10	9,500
Accrued Personal Leave	30,503	43,515
Total Current Liabilities	159,893	195,837
<b>LONG-TERM LIABILITIES</b>		
Deferred Rent	15,789	13,158
Total Long-Term Liabilities	15,789	13,158
Total Liabilities	175,682	208,995
<b>NET ASSETS</b>		
Unrestricted	660,854	632,410
Temporarily Restricted	261,349	264,040
Total Net Assets	922,203	896,450
 Total Liabilities and Net Assets	 \$ 1,097,885	 \$ 1,105,445

**ENTERPRISE FOR HIGH SCHOOL STUDENTS**  
Statement of Activities  
Year Ended December 31, 2015  
(With Comparative Totals at December 31, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
<b>SUPPORT AND REVENUE</b>				
Fund Raising Events Income, including contributions of \$372,439	\$ 1,708,668	\$ -	\$ 1,708,668	\$ 1,667,953
Fund Raising Events Direct Expenses	(1,134,383)		(1,134,383)	(1,147,770)
Fund Raising Events, Net	574,285	-	574,285	520,183
Grants and Contributions	271,740	176,849	448,589	510,193
Contracts and Fees for Service	421,105	-	421,105	409,306
In-Kind Donations	2,900	-	2,900	62,400
Investment Income	5,095	17	5,112	11,413
Miscellaneous Income	93	-	93	159
	<u>1,275,218</u>	<u>176,866</u>	<u>1,452,084</u>	<u>1,513,654</u>
Net Assets Released from Restrictions	179,557	(179,557)	-	-
Total Support and Revenue	<u>1,454,775</u>	<u>(2,691)</u>	<u>1,452,084</u>	<u>1,513,654</u>
<b>EXPENSES</b>				
Program Services				
Student Employment Opportunities	401,703	-	401,703	404,372
Training and Counseling	624,926	-	624,926	670,360
Supporting Services				
Fund Raising Events Indirect Expenses	149,006	-	149,006	152,588
Other Fund Raising Activities	137,783	-	137,783	153,963
Management and General	112,913	-	112,913	143,748
Total Expenses	<u>1,426,331</u>	<u>-</u>	<u>1,426,331</u>	<u>1,525,031</u>
<b>CHANGE IN NET ASSETS</b>	28,444	(2,691)	25,753	(11,377)
<b>NET ASSETS, Beginning</b>	<u>632,410</u>	<u>264,040</u>	<u>896,450</u>	<u>907,827</u>
<b>NET ASSETS, Ending</b>	<u>\$ 660,854</u>	<u>\$ 261,349</u>	<u>\$ 922,203</u>	<u>\$ 896,450</u>

**ENTERPRISE FOR HIGH SCHOOL STUDENTS**  
Statement of Functional Expenses  
Year Ended December 31, 2015  
(With Comparative Totals at December 31, 2014)

	Program Services			Fund Raising			Management and General	Total 2015	Total 2014
	Student Employment Opportunities	Training and Counseling	Total	Events Indirect Expenses	Other Activities	Total			
Salaries	\$ 230,836	\$ 348,130	\$ 578,966	\$ 83,883	\$ 64,233	\$ 148,116	\$ 22,849	\$ 749,931	\$ 712,662
Payroll Taxes	23,979	29,509	53,488	8,616	4,906	13,522	2,031	69,041	63,129
Employee Benefits	17,354	25,388	42,742	8,569	5,804	14,373	8,260	65,375	59,121
Total Personnel Costs	272,169	403,027	675,196	101,068	74,943	176,011	33,140	884,347	834,912
Rent	41,671	107,683	149,354	23,992	15,701	39,693	5,023	194,070	191,385
Professional Fees	-	-	-	-	36,573	36,573	81,047	117,620	249,771
Student Stipends	51,906	34,527	86,433	553	-	553	-	86,986	87,652
Depreciation	9,855	25,511	35,366	5,691	3,723	9,414	1,072	45,852	43,063
Supplies	2,858	7,310	10,168	293	321	614	10,536	21,318	27,651
Telephone and Technology	3,716	2,331	6,047	201	402	603	10,875	17,525	15,776
Meetings and Hospitality	3,885	2,151	6,036	5,047	229	5,276	2,490	13,802	14,717
Insurance	-	-	-	-	-	-	13,734	13,734	12,794
Printing and Copying	124	3,425	3,549	3,466	409	3,875	3,621	11,045	21,525
Conferences and Training	291	3,724	4,015	95	75	170	2,408	6,593	7,990
Travel	853	3,450	4,303	302	(101)	201	453	4,957	6,377
Postage and Delivery	353	359	712	392	543	935	1,473	3,120	4,555
Scholarships Awarded	2,000	-	2,000	-	-	-	-	2,000	4,000
Credit Card Fees	-	-	-	817	391	1,208	-	1,208	1,079
Bank Charges	(8)	150	142	-	-	-	967	1,109	114
Repairs and Maintenance	-	-	-	-	-	-	794	794	480
Miscellaneous Expense	-	-	-	91	-	91	160	251	1,190
Shared Cost Allocation	12,030	31,278	43,308	6,998	4,574	11,572	(54,880)	-	-
Total Expenses	\$ 401,703	\$ 624,926	\$ 1,026,629	\$ 149,006	\$ 137,783	\$ 286,789	\$ 112,913	\$ 1,426,331	\$ 1,525,031

**ENTERPRISE FOR HIGH SCHOOL STUDENTS**  
Statement of Cash Flows  
Year Ended December 31, 2015  
(With Comparative Totals at December 31, 2014)

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 25,753	\$ (11,377)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	45,852	43,063
Amortization of Deferred Rent	2,631	7,895
Reinvested Dividends	(3,009)	(3,434)
Unrealized (Gain) Loss on Investments	3,595	(1,749)
(Increase) Decrease in Operating Assets		
Grants and Contributions Receivable	85,761	(74,311)
Contracts and Other Receivables	37,992	(18,320)
Inventory	-	1,648
Prepaid Expenses	(2,004)	1,214
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(13,443)	612
Accrued Expenses	(9,490)	(1,456)
Accrued Personal Leave	(13,012)	(12,923)
Net Cash Provided (Used) by Operating Activities	<u>160,626</u>	<u>(69,138)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	<u>(16,414)</u>	<u>(11,316)</u>
Net Cash (Used) by Investing Activities	<u>(16,414)</u>	<u>(11,316)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	144,212	(80,454)
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>356,490</u>	<u>436,944</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 500,702</u>	<u>\$ 356,490</u>



# ENTERPRISE FOR HIGH SCHOOL STUDENTS

## Notes to Financial Statements

December 31, 2015

### 1. **Nature of Activities**

Enterprise for High School Students (the Organization) is a California non-profit corporation. The mission of the Organization is to increase student preparedness to explore and pursue career paths through training, counseling and guidance; to offer a variety of experiential options with the work world; and to provide a support network to raise youth's personal expectations for success. Located in San Francisco, California, the Organization is funded through its annual event, the San Francisco Fall Antiques Show, as well as individual contributions and corporate, foundation and government grants.

### 2. **Summary of Significant Accounting Policies**

**Basis of Accounting** – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Basis of Presentation** – The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets.

**Cash and Cash Equivalents** – For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Grants Receivable** – No allowance for doubtful accounts is considered necessary since the receivables relate primarily to foundation agencies and corporations.

**Promises to Give** – Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

## ENTERPRISE FOR HIGH SCHOOL STUDENTS

Notes to Financial Statements

December 31, 2015

(Continued)

### 2. **Summary of Significant Accounting Policies (continued)**

**Investments** – The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

**Fair Value Measurements** – GAAP provides 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 inputs – quoted market prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

The Organization is required to measure three types of assets and the related revenues at fair value: pledge contributions, noncash contributions, and certain investments. The method used to measure fair value for each asset included in these financial statements is described in the notes below that relate to each asset.

The carrying amounts of cash and cash equivalents, contracts and other receivables, prepaid expenses, deposits, accounts payable, accrued expenses, accrued personal leave, and deferred rent, none of which are held for trading purposes, approximate the fair value due to the short-term maturities of those instruments.

## ENTERPRISE FOR HIGH SCHOOL STUDENTS

Notes to Financial Statements

December 31, 2015

(Continued)

### 2. Summary of Significant Accounting Policies (continued)

**Property and Equipment** – All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method, primarily over five years.

**Restricted and Unrestricted Revenue** – Contributions that are restricted by the donor are reported as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Donated Goods** – The financial statements reflect \$2,900 in donated goods and services for gift cards to provide clothing and incentives to students.

**Expense Allocation** – Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services based on specific identification, facility usage, and estimated proportion of staff time expended on various activities.

**Comparative Financial 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was obtained.

## ENTERPRISE FOR HIGH SCHOOL STUDENTS

Notes to Financial Statements

December 31, 2015

(Continued)

### 2. **Summary of Significant Accounting Policies (continued)**

**Estimates** – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Income Taxes** – The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management continuously evaluates tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

The Organization's exempt organization returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after filing.

### 3. **Concentration of Credit Risk**

The Organization maintains cash balances at one financial institution. For the year ended December 31, 2015, accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015, the Organization's uninsured cash balances total \$93,914.

## ENTERPRISE FOR HIGH SCHOOL STUDENTS

### Notes to Financial Statements

December 31, 2015

(Continued)

#### 4. Investments

Certificate of Deposit (maturing March 2016)	\$ 250,000
Dodge and Cox Income Fund	<u>99,151</u>
Total	\$ <u>349,151</u>

Investment Income for the year ended December 31, 2015 was as follows:

Dividends	\$ 3,009
Unrealized (Losses)	<u>(3,595)</u>
Subtotal	(586)
Interest Income from CD and Bank Accounts	<u>5,698</u>
Total	\$ <u>5,112</u>

The market value for the investments described above is based on Level 1 – Valuations that are based on quoted prices in active markets for identical securities.

#### 5. Property and Equipment

Property and Equipment	\$ 118,236
Leasehold Improvements	95,161
Job Bank Software	<u>45,794</u>
	259,191
Less: Accumulated Depreciation and Amortization	<u>(126,795)</u>
Net Property and Equipment	\$ <u>132,396</u>

## ENTERPRISE FOR HIGH SCHOOL STUDENTS

### Notes to Financial Statements

December 31, 2015

(Continued)

#### 6. **Line of Credit**

On January 6, 2015, the Organization signed a \$125,000 revolving line of credit with First Republic Bank which expires July 31, 2016. The line is secured generally by all assets of the Organization. The interest rate is the greater of prime rate rounded up to the nearest 0.125% or 3.25%, payable monthly. There is no outstanding balance on the line of credit as of December 31, 2015.

#### 7. **David Rawson Memorial Fund**

The David Rawson Memorial Fund was established in October 2007 to create an endowment, the interest and dividends from which shall support annual scholarships to be awarded to graduating high school seniors who participated in the Junior Caddie Program of the Organization. Originally, the corpus of the Fund was permanently restricted and the earnings were temporarily restricted for scholarship use. In April of 2012, terms of the Fund were amended to allow disbursements from the corpus to fund scholarships. During the period ended December 31, 2015, \$2,000 of scholarships were awarded.

#### 8. **Temporarily Restricted Net Assets**

This Way Ahead Program	\$ 176,849
David Rawson Memorial Fund	<u>84,500</u>
Total	<u>\$ 261,349</u>

## ENTERPRISE FOR HIGH SCHOOL STUDENTS

### Notes to Financial Statements

December 31, 2015

(Continued)

#### 9. Lease Commitment

The Organization leases its offices under a non-cancelable operating lease expiring June 30, 2018. Rent expense, including operating expense recovery, under the lease was \$194,070 for the period ended December 31, 2015. Future minimum lease payments are as follows:

<u>Year Ended December 31,</u>	
2016	\$ 192,099
2017	197,363
2018	<u>99,997</u>
Total	\$ <u>489,459</u>

#### 10. Subsequent Events

Management has evaluated subsequent events through May 12, 2016, the date which the financial statements were available to be issued, and determined the following reportable event:

- The Certificate of Deposit in the amount of \$250,000 held as an investment matured in March 2016 and was not renewed.