

YOUNG LEADERSHIP COUNCIL, INC.

**Financial Statements as of December 31, 2012 and 2011
and for the Years Then Ended
and Independent Auditors' Report**

YOUNG LEADERSHIP COUNCIL, INC.

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Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Young Leadership Council, Inc.
New Orleans, Louisiana

We have audited the accompanying financial statements of the Young Leadership Council, Inc. (a nonprofit organization) (the "Council"), which comprise the statements of financial position as of December 31, 2012 and 2011, 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 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.

Auditors' 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 auditors' judgment, including the assessment of the risk 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 Council'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 Council'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 the Young Leadership Council, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Silva Gurtner & Alney, LLC

May 6, 2013

YOUNG LEADERSHIP COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 451,626	\$ 551,947
Receivables	23,307	10,357
Investments - Board Designated	1,311,610	1,186,873
Deposits	955	765
Prepays	13,367	7,940
Total current assets	1,800,865	1,757,882
PROPERTY AND EQUIPMENT, net	483,129	494,694
LONG-TERM RECEIVABLES	17,750	-
DEFERRED FINANCING FEES, net	1,803	2,248
TOTAL ASSETS	\$ 2,303,547	\$ 2,254,824
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,123	\$ 3,596
Deferred revenue and deferred dues	20,243	23,191
Current maturities of long-term debt	24,099	23,041
Total current liabilities	47,465	49,828
LONG-TERM DEBT, net of current maturities	400,953	427,984
NET ASSETS		
Unrestricted		
Board designated	1,311,610	1,186,873
Undesignated	497,135	548,556
Total unrestricted net assets	1,808,745	1,735,429
Temporarily restricted	31,384	26,583
Permanently restricted	15,000	15,000
Total net assets	1,855,129	1,777,012
TOTAL LIABILITIES AND NET ASSETS	\$ 2,303,547	\$ 2,254,824

See accompanying independent auditors' report and notes to financial statements.

YOUNG LEADERSHIP COUNCIL, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Total
REVENUES AND OTHER SUPPORT				
Contributions	\$ 88,387	\$ -	\$ -	\$ 88,387
Grants - restricted	-	6,789	-	6,789
Membership dues	52,249	-	-	52,249
Special event - Awards Gala	-	-	-	-
Contributions and sponsorships	\$ 140,960			
In-kind contributions and other income	8,635			
Less: cost of direct benefits to donors	<u>(92,573)</u>	57,022	-	57,022
Special events - Wednesday at the Square				
Special event revenues (tickets, sponsors, rental, food and beverage sales)	\$ 542,865			
Sponsorship and contributions	208,500			
In-kind contributions and other income	40,427			
Less: cost of direct benefits to donors	<u>(494,196)</u>	297,596	-	297,596
Interest income	1,006	-	-	1,006
Other in-kind contributions	32,128	-	-	32,128
Realized gain on investments	36,321	-	-	36,321
Unrealized gain on investments	119,293	-	-	119,293
Other income	6,811	-	-	6,811
Total revenues and other support	<u>690,813</u>	<u>6,789</u>	<u>-</u>	<u>697,602</u>
Net assets released from restrictions - expended for intended use	<u>1,988</u>	<u>(1,988)</u>	<u>-</u>	<u>-</u>
Total revenues, other support, and net assets released from restrictions	692,801	4,801	-	697,602
EXPENSES				
Program services	463,023	-	-	463,023
Supporting services	156,462	-	-	156,462
Total expenses	<u>619,485</u>	<u>-</u>	<u>-</u>	<u>619,485</u>
CHANGES IN NET ASSETS	73,316	4,801	-	78,117
NET ASSETS - Beginning of year	<u>1,735,429</u>	<u>26,583</u>	<u>15,000</u>	<u>1,777,012</u>
NET ASSETS - End of year	<u>\$ 1,808,745</u>	<u>\$ 31,384</u>	<u>\$ 15,000</u>	<u>\$ 1,855,129</u>

See accompanying independent auditors' report and notes to financial statements.

YOUNG LEADERSHIP COUNCIL, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total
REVENUES AND OTHER SUPPORT				
Contributions	\$ 5,166	\$ 50,261	\$ -	\$ 55,427
Grants - restricted	-	26,403	-	26,403
Membership dues	59,014	-	-	59,014
Auction proceeds, sponsorships other revenues from A Streetcar Named Inspire project	-	-	-	-
Special event - Awards Gala				
Contributions and sponsorships	\$ 160,086			
Less: cost of direct benefits to donors	<u>(73,611)</u>	86,475	-	86,475
Special events - Wednesday at the Square				
Special event revenues (tickets, sponsors, rental, food and beverage sales)	\$ 569,927			
Sponsorship and contributions	189,500			
In-kind contributions	61,259			
Less: cost of direct benefits to donors	<u>(459,909)</u>	360,777	-	360,777
Investment income	35,387	-	-	35,387
Unrealized loss on investments	(38,947)	-	-	(38,947)
Other income	12,442	-	-	12,442
Total revenues and other support	<u>520,314</u>	<u>76,664</u>	<u>-</u>	<u>596,978</u>
Net assets released from restrictions - expended for intended use	<u>100,298</u>	<u>(100,298)</u>	<u>-</u>	<u>-</u>
Total revenues, other support, and net assets released from restrictions	620,612	(23,634)	-	596,978
EXPENSES				
Program services	528,516	-	-	528,516
Supporting services	143,874	-	-	143,874
Total expenses	<u>672,390</u>	<u>-</u>	<u>-</u>	<u>672,390</u>
CHANGES IN NET ASSETS	(51,778)	(23,634)	-	(75,412)
NET ASSETS - Beginning of year	<u>1,787,207</u>	<u>50,217</u>	<u>15,000</u>	<u>1,852,424</u>
NET ASSETS - End of year	<u>\$ 1,735,429</u>	<u>\$ 26,583</u>	<u>\$ 15,000</u>	<u>\$ 1,777,012</u>

See accompanying independent auditors' report and notes to financial statements.

YOUNG LEADERSHIP COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services	Supporting Services			2012 Total
	Community Service Programs	General and Administrative	Fundraising	Total	
Compensation and related expenses					
Compensation	\$ 132,230	\$ 11,334	\$ 45,336	\$ 56,670	\$ 188,900
Employee health and retirement benefits	20,198	1,731	6,925	8,656	28,854
Payroll taxes	9,581	821	3,285	4,106	13,687
Professional development	1,923	165	659	824	2,747
Total compensation and related expenses	163,932	14,051	56,205	70,256	234,188
Other expenses					
Computer maintenance	19,595	-	-	-	19,595
Depreciation and amortization expense	7,813	3,968	-	3,968	11,781
Equipment rental	48,589	-	-	-	48,589
Facility fees	2,713	-	-	-	2,713
Insurance	11,433	17,414	-	17,414	28,847
Interest expense	16,206	4,051	-	4,051	20,257
Investment fees	-	19,765	-	19,765	19,765
Marketing and advertising	89,515	-	230	230	89,745
Meetings	7,064	1,045	-	1,045	8,109
Miscellaneous expense	9,606	5,673	373	6,046	15,652
Occupancy	22,815	5,699	-	5,699	28,514
Professional and technical services	7,301	12,216	-	12,216	19,517
Special events costs	23,721	9,537	-	9,537	33,258
Sponsor fulfillment	13,057	-	-	-	13,057
Supplies and printing	19,663	5,065	1,170	6,235	25,898
Total other expenses	299,091	84,433	1,773	86,206	385,297
Total expenses	\$ 463,023	\$ 98,484	\$ 57,978	\$ 156,462	\$ 619,485

See accompanying independent auditors' report and notes to financial statements.

YOUNG LEADERSHIP COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services	Supporting Services			2011 Total
	Community Service Programs	General and Administrative	Fundraising	Total	
Compensation and related expenses					
Compensation	\$ 130,859	\$ 11,216	\$ 44,866	\$ 56,082	\$ 186,941
Employee health and retirement benefits	19,049	1,633	6,532	8,165	27,214
Payroll taxes	9,747	835	3,342	4,177	13,924
Professional development	6,988	599	2,396	2,995	9,983
Total compensation and related expenses	166,643	14,283	57,136	71,419	238,062
Other expenses					
Computer maintenance	19,697	-	-	-	19,697
Depreciation and amortization expense	7,724	4,150	-	4,150	11,874
Equipment rental	46,441	-	-	-	46,441
Facility fees	5,120	-	-	-	5,120
Insurance	11,994	14,636	-	14,636	26,630
Interest expense	23,793	5,948	-	5,948	29,741
Investment fees	-	17,471	-	17,471	17,471
Marketing and advertising	68,223	2,814	-	2,814	71,037
Meetings	8,808	760	558	1,318	10,126
Miscellaneous expense	21,587	5,225	407	5,632	27,219
Occupancy	26,022	5,590	-	5,590	31,612
Professional and technical services	35,534	9,813	-	9,813	45,347
Special events costs	29,872	-	-	-	29,872
Sponsor fulfillment	8,980	-	-	-	8,980
Supplies and printing	48,078	3,631	1,452	5,083	53,161
Total other expenses	361,873	70,038	2,417	72,455	434,328
Total expenses	\$ 528,516	\$ 84,321	\$ 59,553	\$ 143,874	\$ 672,390

See accompanying independent auditors' report and notes to financial statements.

YOUNG LEADERSHIP COUNCIL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 78,117	\$ (75,412)
Adjustments to reconcile changes in net assets to net cash provided used in operating activities:		
Depreciation and amortization	11,781	11,874
Unrealized (gain) loss on sale of restricted assets	(119,293)	38,947
Changes in operating assets and liabilities:		
Receivables	(30,700)	31,777
Deposits	(190)	100
Prepays	(5,427)	1,721
Deferred financing fees	-	(2,285)
Accounts payable	(473)	(4,345)
Deferred revenue and deferred dues	(2,948)	(6,642)
	(69,133)	(4,265)
Net cash provided used in operating activities	(69,133)	(4,265)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(325)	-
Proceeds from disposals of property and equipment	554	-
Realized gain on investments	(36,321)	(35,917)
Purchases of restricted assets	(394,938)	(753,326)
Proceeds from sales of restricted assets	425,815	784,901
	(5,215)	(4,342)
Net cash used in investing activities	(5,215)	(4,342)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(25,973)	(19,259)
	(25,973)	(19,259)
Net cash used in financing activities	(25,973)	(19,259)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(100,321)	(27,866)
CASH AND CASH EQUIVALENTS - Beginning of year	551,947	579,813
CASH AND CASH EQUIVALENTS - End of year	\$ 451,626	\$ 551,947
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for during period:		
Interest	\$ 20,257	\$ 29,741

See accompanying independent auditors' report and notes to financial statements.

YOUNG LEADERSHIP COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Young Leadership Council, Inc. (the Council) is a non-profit organization that encourages and develops community leadership throughout the metropolitan New Orleans area by organizing the efforts of membership through specific projects and programs targeted at key community needs or issues. The Council celebrated its 25th year of service to the community in 2011.

Financial Statement Presentation – Accounting standards require the Council 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. As permitted by accounting standards, the Council does not use fund accounting.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Council considers all money market investments and certificates of deposit with an original maturity of three months or less to be cash and cash equivalents. Internally designated donor or restricted cash amounts are not considered cash and cash equivalents for the statements of cash flows.

Receivables – Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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.

The Council uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific circumstances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense. Management believes all balances are collectible, thus no allowance was considered necessary in the years ended December 31, 2012 or 2011.

Investments – Fair value measurements provide a framework for measuring the value under generally accepted accounting principles in the United States of America. Fair value measurements define fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels, which include Level 1, Level 2, and Level 3. The fair value of investments was determined using the market approach. The market approach uses prices and other relevant information obtained from market transactions involving identical or comparable assets or liabilities.

YOUNG LEADERSHIP COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Financial instruments, identified in Note E, are considered Level 1 inputs, which are defined as quoted prices in active markets for identical assets or liabilities. Funds deposited into the Greater New Orleans Foundation are deposited into its endowment pool, which consists of equities, fixed income securities, commodities and real estate, and cash all traded in active markets. There have been no changes in valuation techniques and related inputs during the years ended December 31, 2012 and 2011.

Deferred Revenue and Deferred Dues – Membership dues are collected throughout the year and taken into support in the year for which the dues apply.

Property and Equipment – Property and equipment are stated at cost. Purchased or donated items with a unit cost of \$1,000 or more and a useful life of more than three years are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of 30 years for buildings, 7 years for furniture and equipment, and 3 years for computers. Maintenance and repair costs are charged to expense as incurred. When property and equipment are sold or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts with related gains or losses recognized in the statements of activities and changes in net assets.

The Council periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined by independent market appraisals or by using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner except that fair market values are reduced for the cost to dispose. There were no impairments of long-lived assets recognized for the years ended December 31, 2012 or 2011.

Functional Expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on actual amounts or management's best estimate.

Program Services – The Council offers a number of community service opportunities for young professionals in the categories of arts and culture, community service, economic development, leadership development, building projects, and youth enrichment. The most well-known of these opportunities is a leadership development program called Wednesday at the Square.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

In-Kind Contributions – The Council pays for some services requiring specialized expertise. However, many individuals and corporations volunteer their time and resources in performing a variety of tasks that assist the Council with its projects and its administrative, membership and fundraising functions. The Council recognizes contributed services, if significant in amount, that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. In addition, a substantial number of

YOUNG LEADERSHIP COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

volunteers have contributed significant amounts of their time in carrying out the Council's program services. However, these volunteer services do not always meet all of the applicable requirements of financial accounting standards necessary to be recorded in the financial statements. In-kind contributions for the years ended December 31, 2012 and 2011 were \$81,190 and \$61,259, respectively.

Income Taxes – The Young Leadership Council, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. The Council believes there are no uncertain tax positions included in the financial statements.

NOTE B – CONCENTRATION OF CREDIT RISK

The Council maintains its cash in a local financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2012 and 2011, the Council's uninsured cash balances in the bank totaled \$183,922 and \$276,387, respectively. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

As of the year ended December 31, 2012, three of the Council's customers accounted for approximately 61% of its accounts receivable. As of the year ended December 31, 2011, two of the Council's customers accounted for approximately 72% of its accounts receivable. There were no individual customers accounting for a significant concentration of revenue for the years ending December 31, 2012 and 2011.

NOTE C – FUNDRAISING EVENTS

The Council hosts special fundraising events, including Wednesday at the Square and the Young Leadership Council Role Model Awards Gala, each year. Proceeds from these events are recorded as fundraising revenue in the period received or in the period a pledge is received by the Council. Expenses for these events are recorded as fundraising expenses, cost of goods sold or cost of direct benefits to donors as appropriate in the period that the expenses are incurred.

NOTE D – RECEIVABLES

Receivables as of December 31, 2012 consisted of \$23,307 due within 1 year and \$17,750 due in 1-5 years due to the Legacy Campaign. Receivables as of December 31, 2011 consisted of \$10,357 due within 1 year.

NOTE E – INVESTMENTS – BOARD DESIGNATED

Investment fees reported on the statements of functional expenses were \$19,765 and \$17,471, respectively, as of December 31, 2012 and 2011.

YOUNG LEADERSHIP COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Investments at fair value as of December 31, 2012 and 2011 consisted of the following:

<u>2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2012 Total</u>
Cash	\$ 38,342	\$ -	\$ -	\$ 38,342
Common stocks	884,696	-	-	884,696
Mutual funds	167,874	-	-	167,874
Asset backed securities	102,336	-	-	102,336
Government securities	97,751	-	-	97,751
Accrued interest	526	-	-	526
Greater New Orleans Foundation	20,085	-	-	20,085
 Total investments	 <u>\$ 1,311,610</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,311,610</u>
<u>2011</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2011 Total</u>
Cash	\$ 49,305	\$ -	\$ -	\$ 49,305
Common stocks	782,402	-	-	782,402
Mutual funds	152,994	-	-	152,994
Asset backed securities	96,453	-	-	96,453
Government securities	85,957	-	-	85,957
Accrued interest	929	-	-	929
Greater New Orleans Foundation	18,833	-	-	18,833
 Total investments	 <u>\$ 1,186,873</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,186,873</u>

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment as of December 31 is summarized as follows:

	<u>2012</u>	<u>2011</u>
Land	\$ 92,500	\$ 92,500
Building	442,484	442,159
Office furniture and equipment	3,500	9,155
	538,484	543,814
Less accumulated depreciation	(55,355)	(49,120)
 Total	 <u>\$ 483,129</u>	 <u>\$ 494,694</u>

Depreciation expense for the years ended December 31, 2012 and 2011 totaled \$11,337 and \$11,837, respectively.

**YOUNG LEADERSHIP COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE G – LONG-TERM DEBT

The following is a summary of long-term liability as of December 31, 2012:

<u>Principal Balance</u>	<u>Interest Rate</u>	<u>Current Maturities</u>	<u>Long-Term Maturities</u>
\$ 425,052	4.5%	\$ 24,099	\$ 400,953

The Council had a mortgage loan payable to a financial institution at an annual interest rate of 7.5% through July 31, 2010 and 6.5% for August 1, 2010 through November 22, 2011. On November 22, 2011, the Council amended the original promissory note with an annual interest rate of 4.5%. This note is collateralized by the land and building used by the Council for its operations. The scheduled monthly principal and interest payment beginning December 2011 is \$3,584 through February 21, 2017 on which a final payment of \$321,808 is due. Interest expense for the years ended December 31, 2012 and 2011 was \$20,257 and \$29,741, respectively.

During 2011, the Council incurred \$2,285 of deferred financing fees. Accumulated amortization for the years ended December 31, 2012 and 2011 was \$482 and \$38, respectively. Amortization expense for the years ended December 31, 2012 and 2011 was \$444 and \$38, respectively.

The following principal amounts on the mortgage loan are due over the next five years:

<u>Year ending December 31</u>	<u>Amount</u>
2013	\$ 24,099
2014	25,206
2015	26,364
2016	27,575
2017	321,808
	<u>\$ 425,052</u>

NOTE H – RESTRICTIONS ON NET ASSETS

Unrestricted net assets are funds or contributions received, with no restrictions as to use by the donor. However, the Board of Directors has designated certain amounts of unrestricted net assets for specific use or purpose. Temporarily restricted net assets represent unspent funds received by the Council for which the donor has imposed specific uses for their donation. Permanently restricted net assets represent donor-imposed restricted funds contributed to the Council to be kept in perpetuity. The investment income from these permanently restricted funds has been recorded as temporarily restricted for use as directed by the donor.

YOUNG LEADERSHIP COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Specific restrictions on net assets are as follows:

	<u>2012</u>	<u>2011</u>
Unrestricted net assets		
Board designated	\$ 1,311,610	\$ 1,186,873
Undesignated	<u>497,135</u>	<u>548,556</u>
Total unrestricted net assets	1,808,745	1,735,429
Net assets temporarily restricted for:		
College Admissions Project	4,682	2,577
Proud to Call it Home	7,309	7,342
Power Ties	3,731	7,500
Volunteer in the Arts	426	500
Where Ya' Rack?	<u>15,236</u>	<u>8,664</u>
Total temporarily restricted net assets	31,384	26,583
Permanently restricted for YLC Fund	<u>15,000</u>	<u>15,000</u>
Total net assets	<u>\$ 1,855,129</u>	<u>\$ 1,777,012</u>

The Board designated endowment (the Endowment) was established to ensure the long-term financial health of the Council. No funds shall be distributed until the average market value of the Endowment for the previous twelve quarters (with September 30 of the year immediately preceding the budget year being the most recent quarter) exceeds \$1,000,000. Thereafter, with a majority vote of the Board of Directors, up to 4% of the average market value of the Endowment's assets for the previous twelve quarters may be transferred to unrestricted net assets. Distributions of any amount can be made with the unanimous vote of the Executive Committee and the approval of 2/3 of the members of the Board of Directors and three of the five previous past presidents. The investment income from the Endowment is recorded as temporarily restricted net assets until an affirmative vote occurs.

NOTE I – RETIREMENT PLAN

The Council sponsors a 403(b)(7) plan covering all full time eligible employees. Employees may contribute up to 8% of their gross pay. The Council's contributions to the retirement plan are at the discretion of the Board of Directors. Employer contributions to the retirement plan cannot exceed 9% of each covered employee's salary. Retirement expenses were \$11,164 and \$9,765, respectively, for the years ended December 31, 2012 and 2011.

NOTE J – CONTINGENCIES

The Council invests in various investment securities, which are exposed to various risks such as interest rate, market, and credit risks. 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

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and that such changes could materially affect account balances and the amounts reported in the statements of financial position.

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 6, 2013, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.